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DEPARTMENT OF OVERSEAS TRADE

Report on Economic and Commercial Conditions in EGYPT

By G. H. SELOUS, O.B.E.

Commercial Counsellor, His Majesty's Embassy, Cairo

May, 1937

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DEPARTMENT OF OVERSEAS TRADE

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The Department is represented in Egypt by Mr. G. H. Selous, O.B.E., Commercial Counsellor, and Mr. A. N. Cumberbatch, M.B.E., Commercial Secretary, His Majesty's Embassy, Cairo.

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NOTE.

It should be understood that the views expressed in annual reports are the views of the officers themselves, and are not necessarily in all respects those of the Department.

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MAP

COMMERCIAL SUMMARY

Area.—About 1,000,000 square kilometres, of which some 32,000 square kilometres are cultivable.

Population.—1937 census, 15,904,525 (provisional).

Languages.—Arabic, English, French, Greek, and Italian are in common use in commercial circles. Catalogues for reference by Egyptian merchants should be in Arabic and English.

Currency.—One Egyptian pound (£E.) = 100 piastres tariff (P.T.) = 1,000 milliemes (m/ms) = £1 os. 6½d. A dollar = a tallari = P.T.20 = 4s. 1½d. (Used in raw cotton quotations only.)

Rate of Exchange.—Average 97½ piastres to the £ sterling during 1935 and 1936.

Index Numbers.—Index numbers of average cost of living for native clerks, artisans, and labourers earning £E.3 to £E.8 per month, over the whole of Egypt, 129·7 in 1935, and 130 in 1936 as compared with 100 representing the 1914 level.

Principal Weights, Measures, and Colloquial Terms:—

- 1 cantar = 100 rotls = 99·0493 lbs.
- 1 rotl = 144 dirhems = 0·9905 lbs.
- 1 oke = 400 dirhems = 2·75137 lbs.
- 1 heml = 200 okes = 550·274 lbs.
- 1 ardeb = 96 kadahs = 43·455 gallons or 5·444 bushels.
- 1 keila = 8 kadahs = 3·63 gallons.
- 1 rob = 4 kadahs = 1·815 gallons.
- 1 kadah = 1/96th ardeb = 3·63 pints.
- 1 feddan = 24 kirats = 5,024·16 sq. yards or 1·038 acres.
- 1 cantar of unginned cotton = 315 lbs.
- 1 cantar of ginned cotton = 100 lbs.

Approximate weight of an *ardeb* of various crops:—

Wheat, 150 kilos. Barley, 120 kilos. Beans, 155 kilos. Maize, 140 kilos. Lentils (whole), 157 kilos. Lentils (split), 132 kilos.

Note (1):

One Alexandria export bale of steam-pressed cotton = approximately 736 lbs. nett. 758 lbs. gross.

One bale of up-country, hydraulically pressed cotton = approximately 850 lbs.

One ardeb of cottonseed = 267 lbs.

Eight ardebs of cottonseed = approximately one metric ton.

Fellah (Fellaheen) = Egyptian farm labourer, peasant.

Mudiria = a province.

Note (2):

In Egypt liquids are often bought and sold by weight and there are no specific Arabic liquid measures.

1 oke = 1½ litres.

		1935. Value. £E.	1936. Value. £E.
Total Imports	...	32,219,642	31,496,530
Principal Imports:			
Tea	...	525,037	644,701
Tobacco in leaves and tombac	...	628,312	615,828
Coal	...	1,837,003	1,275,986
Kerosene	...	714,201	725,150
Fertilisers	...	2,557,348	2,656,806
Wood for building	...	1,049,510	994,005
Artificial silk fabrics	...	584,502	359,025
Wool fabrics	...	607,204	988,013
Cotton piece goods	...	3,216,097	3,143,516
Jute sacks, empty	...	463,888	500,873
Bars, iron or steel	...	558,825	488,102
Sheet, iron or steel	...	463,491	476,363
Motor omnibuses, cars, lorries and chassis	...	851,797	851,138
Total (Domestic) Exports	...	34,424,059	32,971,589
Principal (Domestic) Exports:			
Onions	...	701,289	589,745
Rice	...	701,414	1,179,532
Cottonseed	...	2,018,978	2,003,263
Cottonseed cake	...	754,154	775,339
Cottonseed oil	...	367,203	315,098
Phosphate of lime	...	438,489	441,539
Cotton, raw	...	26,502,065	25,019,561
Sugar	...	302,761	189,661
Railway Mileage, open for traffic in 1936:			
<i>Kilometres.</i>			
<i>Standard Gauge:</i>			
Egyptian State Railways (excluding auxiliary lines, and the Western Oasis line)	2,973
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Société Anonyme des Chemins de Fer de la Basse-Egypte	...	253	
Egyptian Delta Light Railways	...	1,002	
Total	...	4,386	

Mercantile Vessels carrying the Egyptian Flag:

1935.—Steamships	...	45	Net registered tonnage	...	46,182
1935.—Sailing vessels	...	172	International tonnage	...	11,452
1936.—Steamships	...	44	Net registered tonnage	...	40,505
1936.—Sailing vessels	...	173	International tonnage	...	11,662

Length of canals is 20,148 kilometres, of which 1,696 kilometres are navigable.

Length of public irrigation drains is 8,925 kilometres.

HINTS FOR COMMERCIAL VISITORS

Note.—A copy of a pamphlet entitled "Hints to Commercial Visitors to Egypt" may be obtained by United Kingdom firms on application to the Department of Overseas Trade. This pamphlet includes information in regard to climate, travel routes, hotels, cab fares, railway travelling, etc.

Similarly, a memorandum on the appointment of agents, in Egypt and the Sudan, is obtainable from the Department.

FOREWORD.

Certain subjects, owing to the variety of aspects under which they are susceptible of study, will be found discussed in more places than one in the following pages. Thus, to take a single concrete instance, Raw Cotton is mentioned in Chapter I (Introduction; Banking), Chapter IV (Exports), Chapter V (Cotton Ginning, Cotton Pressing and Baling), Chapter VI (Cotton).

Reference should therefore be made to the index of chapters at the beginning of this Report.

It should be noted that wherever tons are mentioned in this Report (except in connection with Shipping), they are metric unless otherwise stated.

REPORT ON ECONOMIC AND COMMERCIAL CONDITIONS IN EGYPT

(May 1937.)

I. ECONOMIC AND FINANCIAL SITUATION.

Introduction.—(a) The period under review in this Economic Report—1935 and 1936—witnessed a sad event in the passing of King Fuad I. He was succeeded by his son Farouk I, then still a minor of 16 years of age, a Regency of three being concurrently set up to carry on the affairs of State till the young king should have completed 18 lunar years of existence when in accordance with Egyptian law he attains his majority.

The period is, further, memorable in that in August 1936, a Treaty of Alliance was entered into by Great Britain and Egypt.

It seems of good augury that important industrial interests in the United Kingdom chose the period between the Treaty and the Capitulations conference at Montreux to lay the foundations of a manufacturing organisation on the soil of Egypt. Such a decision bespeaks a quiet confidence in Egypt's future.

(b) In the spring of 1935 an Egyptian Economic Mission under the chairmanship of His Excellency Hafez Afifi Pasha (now Egyptian Ambassador at the Court of St. James) visited England and spent a month examining the possibilities of increasing reciprocally the volume of trade between the United Kingdom and Egypt. Reference will be found in Chapter IV of this report to the commercial agreements entered into by Egypt with Palestine and Rumania, respectively, in 1935 and reference to pourparlers with the Island of Cyprus which should lead to certain reciprocal arrangements beneficial to both countries.

(c) In February 1936, the question whether the bonds and the coupons of the Egyptian consolidated debt should be paid on a gold or a sterling basis reached a settlement, the Mixed Court of Appeal finding that it was not competent to hear the case and therefore quashing the judgment of the lower Court which had decided in favour of gold. Similarly, and in the same month, judgments were given by the Mixed Courts of Appeal against payment, in gold, of the bonds of the Credit Foncier Egyptien and of the Land Bank of Egypt and the debentures of the Agricultural Bank of Egypt. These judgments disposed of a most unsettling factor in the economy of Egypt, and were warmly welcomed by the country.

(d) During these two years Egypt continued to make a steady recovery from the depression of 1931-3. Good cotton crops were obtained and cotton prices maintained an upward tendency up to and beyond the close of 1936, the crop of which

On 26th May 1937, Egypt became a member state of the League of Nations.

year is expected to create a record. The 1935-6 cotton season closed on the 31st August 1936, with an export exceeding 1,100,000 bales, a figure only twice surpassed previously—in the 1933-4 season when the record of 1,212,591 bales was registered. There have, in fact, been three consecutive cotton seasons with an export exceeding one million 736 lb. bales. The following figures relating to the last three cotton seasons show the value of this source of wealth to Egypt at a glance:—

Calendar Year.	Value of Cotton Exports.	Quantities Exported during Cotton Year.		Cotton Year. (1st September to 31st August).
		Bales.	Cantars.	
1934 ...	£E. 24,788,000	1,212,591	8,997,000	1933-4
1935 ...	26,502,000	1,064,931	7,855,000	1934-5
1936 ...	25,020,000	1,101,681	8,099,000	1935-6

A highly important if less conspicuous source of stability resides in the fact that Egypt is in most years entirely self-sufficing in respect of bread, (wheat and maize), rice, meat, fish and sugar. She is, consequently, in a far stronger economic position than is perhaps generally realised. Egypt, in fact, normally depends on no extraneous source for food; she feeds (and soon will clothe) herself, and exchanges her valuable cotton crop for her manufactured requirements. (More about cotton will be found in Chapters IV and VI.)

(e) The general agricultural situation of the country, foundation of Egypt's economic structure, has been improving steadily, and the various alleviations of the position of certain embarrassed agricultural debtors (who represented not more than 13 per cent. of the cultivable area) secured to them by the Egyptian Government in co-operation with the leading mortgage banks have been sufficient to remove this subject from the list of questions requiring action. The general situation has remained satisfactory since 1930 as is shown by the subjoined table of land expropriations:

Year.	Cases.	Feddans.	Value.	Average per Feddan.
1930	860	21,916	£E. 1,392,122	£E. 63.5
1931	921	36,044	1,400,106	38.8
1932	1,095	35,117	1,823,547	51.9
1933	1,079	20,372	830,629	40.7
1934	1,302	23,491	804,435	34.2
1935	1,361	30,843	1,093,131	35.4
1936	1,603	37,912	1,844,405	48.6

Only the position of second and third line creditors had failed by the end of 1936 to be in some degree smoothed out, and the opinion had been freely expressed by competent judges that matters should be left as they were and that any further concessions would be supererogatory and unsettling. It was, nevertheless, the intention of the Government to take certain dispositions in this connection, a description of which will be found in Chapter VI. It will be the earnest hope of all credit institutions and still more so of all second and third rank creditors that this will constitute the final action in the matter.

(f) The gradual industrialisation of Egypt, the tempo of which has been increasing in recent years, is a feature which continues to be viewed with warm sympathy by succeeding Egyptian Governments attracted in part by the ever-increasing need to find employment for a growing population, in part by the lure of economic self-sufficiency. Industries based mainly on the processing of local products appear to be economically justified, and this category of industrial development seems to exhibit a state of healthy activity at present, and to warrant reasonably optimistic expectations for the future, provided that the snares of State trading are avoided.

(g) The country's financial position has continued excellent during the period under review. The budget has as usual been balanced, revenue has exceeded both estimate and expenditure, the State reserve fund has had few calls on it and has both grown and increased in liquidity during the last two years, and foreign trade has maintained a balance favourable to Egypt. New and not unimportant expenditure, however, falls to be undertaken by the Egyptian Government during the coming years but there seems to be fair justification for believing that most if not all of this additional outlay if wisely and moderately conceived could be met out of current revenues, and that no need to increase the country's indebtedness by borrowing will arise.

(h) Egypt's foreign trade has continued to recover from the low ebb of 1932 and reached the total of £.E.66,600,000 in 1935 and £.E.64,400,000 in 1936. The figure for 1935 reflects heavy stocking induced by war scare in the summer of 1935. The balance of the visible foreign trade continued, too, in Egypt's favour, 1935 showing a plus balance for her exports of over £.E.2 millions and 1936 one of nearly £.E.1.5 million. Invisible exports lost considerable ground in tourism (the hotel industry being particularly hit) in the winter season of 1935-6 owing to the exaggerated accounts of the student unrest at the end of 1935, and to the strained situation arising out of the Italo-Abyssinian campaign. This loss must, however, have been largely compensated in the Alexandria and Port-Said areas, by

the presence of the British fleet in Egyptian waters for nearly ten months and by the increased numbers of British army and air personnel in the country.

(i) Tourism consequently received particular attention from the Egyptian Government in the autumn of 1936 and special measures were resorted to with a view to stimulating once more a desire in the travelling public to visit Egypt, a habit which has been on the wane in recent years owing to a large extent, it is very generally believed, to the absence of good hotel accommodation at prices which compare favourably with those prevalent in the many countries which now compete with Egypt as a winter resort for tourists.

(j) Commercial legislation was not advanced during the period covered by this report, and Egypt is still without laws governing trade and merchandise marks, patents, and copyright. There is strong reason to hope, however, that an enactment on trade marks and merchandise marks will in a few months have become law. An advance was made with labour legislation, acts dealing with length of hours worked in factories by either sex and by children, and workmen's compensation having been placed on the Statute Book.

(k) Following the realignment of currency effected by France, Switzerland, and Holland, there were persistent rumours during the month of October 1936, that the Government were contemplating the devaluation of the Egyptian pound, which gave rise to considerable nervousness, and eventually culminated on the 20th October in a movement approaching a panic. Notwithstanding a categorical denial of these rumours by the Prime Minister, a further strong official denial became necessary and was issued in due course by the Ministry of Finance. The situation improved rapidly thereafter.

(l) The proportion of Egyptian personnel employed in foreign businesses in Egypt was a matter referred to in the Speech from the Throne on the 21st November 1936. At present 25 per cent. of clerical staffs must be Egyptian, but the Speech hinted at projected legislation which would raise this proportion to 50 per cent. and would further lay down that 90 per cent. of labourers and artisans must be of Egyptian nationality.

(m) The communications of Egypt underwent considerable improvement during the years 1935-6. The railway system was extended from Fuka to Mersa Matruh and good roads were built across the desert from Cairo to Alexandria and to Suez respectively, and from Alexandria to Mersa Matruh, whilst real progress began to be made with the road from Port Said to Damietta which will open direct road communication between Alexandria and Port Said. The road and railway systems of Egypt will be

further developed under the terms of the Anglo-Egyptian Treaty, and roads from Ismaila to Alexandria and to Cairo respectively will serve to open up the Delta greatly.

The Road *versus* Rail controversy still persisted during the period under review, but a compromise was eventually found under which a road transport company, in which the Egyptian State Railways are the senior partner, provides a number of motor omnibus services in the Delta working in ancillary harmony with the railway system.

Sea communications of Egypt with Europe have been increased by the entry of the Misr shipping line into the Western Mediterranean service and by the establishment by the Yugoslav Lloyd line of a summer passenger service between Egypt and Adriatic ports.

Finally, Egypt's air communications have greatly expanded during the last two years and her position at the nodal point of air traffic between Europe on the one hand and the Far East, Australasia, and Africa on the other has continued to develop.

(n) Philatelic tastes were catered for by the special issue of stamps commemorating the Xth congress of the International Surgical Society, which opened at Cairo on the 31st December 1935, and the signature of the Anglo-Egyptian Treaty in August 1936.

Postage stamps bearing the effigy of King Farouk had not made their appearance by April, 1937, but will doubtless come into use before long.

(o) With the signature on the 8th May 1937, at Montreux, of the Convention for the Abolition of Capitulations in Egypt the Capitulatory régime in Egypt came to an end.

The Capitulatory system was devised by the Sultans of the Ottoman Empire of which Egypt was formerly a part. It consisted in the grant to the nationals of certain powers of special privileges including immunity from personal taxation without the consent of their Governments and the right to be tried only by their own Courts. Owing to the confusion resulting from the multiplicity of Consular Courts there were introduced in 1876 the Mixed Courts which consist of Egyptian and foreign judges, the majority being foreign; these had jurisdiction over all civil cases where a foreigner is involved, except cases between foreigners of the same nationality, and an extremely limited criminal jurisdiction. The Consular Courts continued to have jurisdiction in respect of civil cases between two of their nationals and a nearly exclusive criminal jurisdiction.

From a legal standpoint the following results flow from the signature of the convention for the abolition of Capitulations.

As from the 15th October 1937, civil, criminal, and commercial jurisdiction of the Consular Courts of all the ex-capitulatory powers will cease in respect of all new causes, and all such

causes which hitherto would have been heard in the Consular Courts will after that date be of the competency of the Mixed Courts during the survival of the latter. Causes already in progress may also be transferred by the Consular Courts to the Mixed Courts subject, as regards civil and commercial cases, to the consent of all parties interested.

The Mixed Courts of First Instance and Appeal now existing will continue in existence for a period of twelve years as from the 15th October 1937. From the 14th October, 1949, all civil, commercial, and criminal cases will be transferred to the Egyptian National Courts.

With regard to questions of personal status which are enumerated in the Annex to the Convention and include matters relating to the status and capacity of persons, family rights, marriage, obligations of husband and wife, divorce, separation, paternity, maintenance of relatives, legitimation, adoption, guardianship, gifts, successions, wills, and presumption of death, an option is given by the Convention to any of the contracting parties who possess Consular Courts in Egypt, to retain such courts for these matters during the transition period. This option must be exercised at the time of ratification of the Convention and if this is not done, these questions, where they have a foreign character, will be dealt with by the Mixed Courts which will apply the national law of the parties concerned. Provision is made for the ascertainment of the proper national law to apply by another section of the Annex. After the expiration of the transition period and the abolition of the Mixed Courts, matters of personal status will be dealt with by the National Courts, on the same principle, namely that of application of the national law of the parties concerned.

With regard to fiscal matters, it follows *inter alia* from the Convention that the Egyptian Government is free to impose on foreigners resident in Egypt the same taxation as they may apply to their own nationals, but in this and other legislation affecting foreigners, they undertake in the Convention that such legislation will not be inconsistent with modern principles as generally accepted and will not entail any discrimination against foreigners or against companies incorporated in accordance with Egyptian law wherein foreigners are substantially interested: this undertaking will apply during the period up to 14th October 1949, but the Egyptian Government have added a declaration to the effect that this does not imply any intention on their part to pursue thereafter, in this matter, any contrary policy.

A copy of the Convention and other documents regarding the abolition of the capitulations in Egypt has been published as a *White Paper*, "Egypt No. I (1937) Cmd. 5491," obtainable at His Majesty's Stationery Office, price 1s. 3d.

Cabinet Expansion.—(i) *Ministry of Public Health.*

A royal decree of the 7th April 1936, created a Ministry of Public Health. His Excellency Dr. Mohamed Shahine Pasha, who had held the post of Under-Secretary of State, Department of Public Health, Ministry of the Interior, for some years, and was also private physician to the late King Fuad, was appointed the first Minister. He was seriously ill in hospital at the time of his appointment, and unhappily died on the 15th May without having assumed office. No successor has as yet been appointed, the portfolio of the new Ministry having been taken over by the Prime Minister, assisted by a Parliamentary Under-Secretary of State and an assistant Under-Secretary of State.

2. *Ministry of Commerce and Industry.*—The widening commercial and industrial activities of the nation, the growing need for labour legislation, and the expanding importance of tourism as an element in Egypt's invisible exports had all combined to make the creation of a ministry imperative. Hence the establishment in December 1934, of the Ministry of Commerce and Industry on the nucleus of a department of the Ministry of Finance.

For the proper performance of its functions this newly created Ministry has been divided into five main departments:—

- (i) Department of Commerce to deal with questions of tariff, commercial treaties, commercial legislation and registration, inland markets, export trade, commercial intelligence, statistics, and chambers of commerce.
- (ii) Department of Industry for industrial research, guidance, and training, industrial advances, chemical analyses, and fisheries research.
- (iii) Department of Labour to deal with industrial permits and inspection of industrial establishments, labour welfare, physically and socially, relations between employers and workmen, unemployment, etc.
- (iv) Department of Tourism to bring to the notice of potential travellers the unique fascinations and specialities of Egypt as a tourist resort, to devise all possible means for the accommodation, comfort, and convenience of tourists, to arrange for educational tours, and to take part in international exhibitions, etc.
- (v) Department of Assay, Weights and Measures to deal with all matters relating to gold and silver ware, and to assay, and with those connected with weights and measures.

As illustrative of the varied questions recently tackled by the Ministry of Commerce and Industry, notwithstanding the brief period since its creation, the following activities may usefully be cited:—

- Reorganisation of Chambers of Commerce.
- Unification of weights and measures.
- Institution of an official Commercial Register.
- Promulgation of draft laws on patents and trade marks.
- Investigation of commercial fraud and adulteration of foodstuffs.
- Reorganisation of local grain, fruit, and vegetable markets.
- Export control of certain commodities.
- Restrictions upon child and woman labour.
- Hours of labour in certain industries.
- Promulgation of legislation for workmen's compensation.
- Reorganisation of trade unions.

The activities of two of the departments, namely, the Tourist Bureau and the Labour Bureau, which are, perhaps, more in the public eye than the other departments, are referred to in Chapters VII and VIII respectively.

Banking. (a) *General.*—During the two years under review the unusually complicated international situation; the Italian war in Abyssinia with resultant uneasiness in the Mediterranean; the general upheaval in Spain; combined with the disturbed state of local politics, could not fail to have a detrimental effect on commercial and financial markets, and banking in Egypt has felt the repercussions.

Certain commercial firms, however, took full advantage of the exceptional state of affairs and are reported to have realised considerable profits in supplying war and other material to the Italian military authorities in Abyssinia.

On the whole money rates, especially during the summer months, were at a low level and some banks, particularly foreign banks, were financing reliable firms at rates as low as $2\frac{1}{2}$ per cent.

The anticipated abolition of capitulations and consequent nervousness in connection with the future prospects of foreign companies operating in Egypt caused a momentary fall of values on the stock exchange.

The reassuring declarations of the Egyptian Government, however, went a long way to restore confidence.

Soon after the application, on the 2nd December 1935, of sanctions to Italy, the Italian banks established in Egypt suffered very heavy withdrawals, and as a result were compelled to curtail their lending very drastically. The scare of a European war in the latter part of 1935 caused considerable nervousness, and a fairly large amount of securities were sent abroad.

The winter of 1935-6 was perhaps the worst tourist season experienced for many years, but the winter of 1936-7 has shown a great improvement. Hotels in Cairo and Upper Egypt have been full of visitors, and the Nile steamers have regained their former activity.

The banking situation is inevitably influenced by the prosperity or otherwise of the cultivator. The 1935 cotton crop was shipped very rapidly and bank borrowings were repaid much earlier than usual, which had a detrimental effect on bank profits.

(b) *Cotton Crop.*—The 1936 cotton crop which, according to the second estimate of the Ministry of Agriculture, amounted to 9,231,000 cantars (excluding scarto) was the largest recorded, and the higher prices ruling called for more banking finance. Egypt's prosperity depends on her export trade, chiefly cotton, but if likely purchasers are impoverished, or are prevented, as

a result of exchange restrictions imposed by their own governments, from transferring funds in payment, the market for Egypt's cotton becomes narrowed, prices register a drop, and her own prosperity may suffer.

(c) *Devaluation Rumours*.—In the autumn of 1936, rumours were circulated that the Egyptian Government had decided to devalue the currency. Some panic ensued on both the Alexandria and Cairo stock exchanges and, notwithstanding official denials from the Prime Minister and Minister of Finance, a certain amount of capital was withdrawn from Egypt and a marked tendency was observed to dispose of local securities. There appeared to be no sound foundation for these rumours, as the fact that the Egyptian pound had remained linked to sterling had given the local currency a stability which had been and continues to be of great benefit, particularly having regard to the very large proportion of Egyptian trade which is conducted on a sterling basis.

(d) *Re-alignment of Various Currencies*.—The arrangement which took place in September 1936, following the devaluation of the franc, that aimed at the relative stability of the pound sterling, the dollar and the French franc, was not without its importance to Egypt.

(e) *Agricultural Indebtedness*.—In April 1935, an agreement was reached between the Government and the Mortgage Company of Egypt whereby the latter transferred all its agricultural debts (including those guaranteed by a mortgage or a privilege on farm estates and built property conjointly) to the Crédit Hypothécaire Agricole d'Egypte, and all its urban debts to the Crédit Foncier Egyptien. Agreements on somewhat different lines with the Crédit Foncier Egyptien and the Land Bank of Egypt were also reached, including further concessions to debtors in interest rates and further extensions of the periods of the loans.

First mortgage debts having been dealt with, the Egyptian Government turned its attention to the question of second and third mortgages. In this connection two new laws were enacted on the 29th March 1937. The first, law No. 15, suspended all forced sales of agricultural or cultivated lands or buildings mortgaged or on which there were privileged rights prior to the 31st December 1932. The second, law No. 16, which relates to the consolidation and extension of debts due to the Crédit Hypothécaire Agricole d'Egypte and the Crédit Foncier Egyptien, gives debtors an opportunity of having their debts consolidated provided they pay three of the instalments due before the 31st December 1937. This arrangement was made with a view to assisting those agricultural debtors who, though in serious financial difficulties, are not hopelessly insolvent. Apart from the fact that the proposed measures will inevitably

entail a certain sacrifice on the part of creditors, most of the local mortgage banking establishments felt that the arrangement was unsettling for debtors who were meeting their obligations without undue hardship in view of improved times and prices for cotton, and that it would have been reasonable to allow gradual repayment of debts to be continued as agreed upon between the banks and their debtors, each case being treated on its merits. The banks, however, withdrew their opposition in response to the assurances of the Minister of Finance that these measures were necessary for the good of the country.

Insurance. (a) *General*.—Approximately 140 companies—British, Continental, American, and Egyptian—at present compete for the comparatively limited amount of insurance business available on the Egyptian market. All classes of the business are transacted. The majority of the British, American, and Continental companies are represented by agents—for the most part commercial establishments transacting insurance as a subsidiary to their main activities. A few have established branch offices and are consequently better situated to provide all the necessary service and attention for their clients without the delay necessitated by correspondence with head offices remote from Egypt.

A law for the supervision and control of insurance business in Egypt, of which some particulars are given on page 18, is under consideration.

British insurance in Egypt has been undergoing a rapid change within the past few years and principally within the last decade. In the years before the Great War, a far greater proportion of the business in every branch of insurance was placed through British companies and underwriters than is the fact to-day. These conditions prevailed up till the end of the Great War, and from then onwards foreign insurance companies dealing in all branches of business gained an increasing footing in Egypt.

(b) *Fire*.—As regards fire insurance, which was, it is thought, the most extensive branch, British companies operating through local agents had in their hands probably 75 per cent. of the total amount placed in Egypt, the remaining 25 per cent. being divided, generally speaking, between French and Italian companies. Prior to the use of sprinkler systems in the cotton warehouses, etc., premiums, and losses, were high.

Following the Great War, after about 1922, there was a considerable shrinkage in the earnings by British companies and underwriters, which was accentuated by the formation in 1928 of the Alexandria Insurance Company. The National Insurance Company of Egypt was established as long ago as 1900 and its

competition was considerably felt, but the advent of the Alexandria Insurance Company and the establishment a few years later of another national company, the "Misr", in Cairo brought about yet additional decreases in the income of British companies in Egypt. On the other hand, the business obtained through these companies, no doubt, in large part comes back to the British Companies and underwriters in London by way of re-insurance as their gross liabilities are always reduced by this means.

Since the Great War there has also been a considerable amount of insurance on property in Egypt placed direct at Lloyd's by means of local brokers, which was not the case formerly.

No fire losses of major importance affecting insurance companies have been recorded during the period under review although reports are constantly coming to hand of fires of varying importance in the villages involving sometimes loss of life as well as of property. The efficiency of the fire brigades in the principal cities and towns—especially Cairo, Alexandria, and Port Said—is undoubtedly a factor in reducing fire wastage to a minimum in these areas. These brigades, which are ably officered and provided with modern equipment, are undoubtedly a valuable asset to the community in general, and in particular they have earned the gratitude of the insurance companies.

With regard to incendiarism, the strict investigation by the Parquet of doubtful fires, and the long sentences of imprisonment pronounced in a recent case should have a discouraging effect on this kind of activity.

(c) *Motor Cars*.—An important, though not universally acceptable, branch of business which may be said to have sprung up within the last 20 years is the insurance of private and commercial motor vehicles. This line has also passed through various vicissitudes, and the share of British companies and underwriters in this important branch has also been showing a steady decrease owing principally to the competition of foreign companies and the national Egyptian companies referred to above, and also owing to the fact that within the past seven or eight years it has been observable that quite a number of the motor vehicles in Egypt are now not covered by insurance at all.

(d) *Marine Insurance*.—In regard to marine business, i.e., the insurance of merchandise outward shipped from this country, as far as it is possible to know, the greater proportion covered still appears to be in the hand of British companies and underwriters. The principal commodity shipped from Egypt is cotton, a large proportion of which is shipped for United Kingdom buyers who insure through British companies. A certain

amount of marine insurance is placed on cotton, cottonseed, and other commodities transported by Nile and canal in Egypt, but the results of this business have generally been far from profitable.

(e) *Workmen's Compensation.*—The Workmen's Compensation Act of 1936 which came into force on the 17th March, 1937, has opened a new field of operations. Similar in many respects to workmen's compensation acts on the statute books in other countries, the new law has revolutionised the relations between employer and employee in Egypt as far as accidents arising out of, and in the course of, employment are concerned. Definite liabilities and obligations (of which particulars are filed at the Department of Overseas Trade) are placed upon the employer in respect of injury resulting in death or disablement of an employee.

The insurance companies rose to the occasion without delay and produced policies designed to relieve employers of the liabilities imposed upon them and a considerable amount of this class of insurance has already been effected.

It is of considerable interest to note that a further measure, making the insurance of liabilities under Law No. 64 compulsory is under consideration and is expected to become law shortly. This would certainly result in an increased flow of business.

(f) *Life Assurance.*—Life assurance is steadily increasing in popularity. British (notably Canadian), Continental, and the four Egyptian assurance companies are extremely active in this branch and their efforts should result in the spread of insurance knowledge among the public and should do much to counteract the feeling of mistrust engendered by such happenings as the unfortunate failure of a foreign company. Competition in the market is extremely keen and conditions are such that agency appointments should only be granted after fullest enquiries have been made locally from reliable sources; personal visits by officials from head office at frequent intervals may well prove sound economy.

The volume of business done by the British companies who are operating principally in this very important branch has undoubtedly increased in the last decade. Nevertheless, British companies are said to have treated this line conservatively and their portfolios have been very strictly selected.

Continental companies have made more headway owing to the larger commission and allowances granted by them to their agents.

(g) *Conclusions.*—The volume of insurance business available in Egypt, is comparatively small. This is partly due to

a superstitious reluctance on the part of many Mohammedans to effect insurance, and partly to the absence until within recent years of any great industrial activity in Egypt.

The gradual increase in knowledge and understanding of the purpose and benefits of insurance is steadily overcoming the first of these causes, and with regard to the second, the recent increase in the numbers of industrial undertakings, both Egyptian and foreign, established in the country, and the expected steady progress in this direction will undoubtedly increase the volume of business available.

If British companies and underwriters are to hold their own and maintain a satisfactory volume of business in Egypt, a clear recognition of the changed conditions and the ever-increasing competition is essential.

National Thrift.—The growing extent to which the public in Egypt have learnt to avail themselves of the facilities placed at their disposal by the Egyptian Post Office for small savings is indicated by the fact that the balance to the credit of depositors at the Post Office Savings Bank rose from £.E.2,387,177 in 1930 to £.E.8,106,453 in 1936 and the number of current accounts from about 200,000 to 350,000.

As stated in the last economic report, a generous rate of interest (3 per cent.) is allowed on deposits, whilst the limit of the amount which may be deposited by one person is at the high level of £.E.500.

There are also small savings deposited in other banks, which amounted at the end of 1936 to £.E.3,071,687 against £.E.1,900,396 at the end of 1930. The total of the deposits in the Post Office and other Savings Bank has, therefore, risen in the last six years from £.E.4,287,513 to £.E.11,178,140.

The nett profits of the Post Office savings bank in 1935, amounting to £.E.88,251, will be passed to the Government Treasury, thus raising the nett profits acquired by the State from the year following the date of the creation of the savings bank in 1901, to the end of 1935, to a total of £.E.517,734.

The reserve fund of £.E.77,107 has remained unchanged since 1931 as circumstances have not called for any increase thereto, owing to the continued improvement in the prices of the bonds and shares owned by the savings bank, valued on the 31st December 1935, at £.E.6,868,396, which total shows an increase of £.E.1,046,561 over the purchase price of £.E.5,821,835.

Customs Tariff.—(a) *General.*—Previous to the expiry of the last of the commercial treaties of the old era between Egypt and a foreign country (in actual fact, that between Egypt and Italy which reached its full term on the 16th February, 1930), the Egyptian customs tariff consisted of a fixed rate of 8 per cent. on the great majority of commodities.

In 1927 the Egyptian Government appointed an international committee of three tariff experts whose duty it was to prepare a new tariff which should aim (a) at materially increasing the revenue derived from import dues and (b) at affording protection to existing or potential local industries.

The new tariff thus prepared was made operative as from the 17th February, 1930, the day following the expiry of the Egypto-Italian commercial treaty alluded to above.

Many tariff changes have been introduced since February, 1930, and both objects of the experts responsible for the new framework of the tariff may be held to have been fully attained, for approximately 50 per cent. of Egypt's total revenues are to-day derived from customs dues, whilst many local industries would collapse immediately if the individual protection now afforded them by the tariff were removed. The subjoined table will show the proportion borne by customs and excise revenue to total revenue during the last ten years:—

Year. — Col. 1.	State Revenue.		Percentage borne by Col. 2 to Total Revenue. Col. 4.
	From Customs and Excise. Col. 2.	From all other heads. Col. 3.	
1927-28	£E. 14,953,000	£E. 23,617,000	39
1928-29	15,928,000	24,442,000	39
1929-30	16,788,000	25,012,000	40
1930-31	16,040,000	22,548,000	41
1931-32	14,911,000	22,860,000	39
1932-33	14,097,000	23,043,000	38
1933-34	14,830,000	17,800,000	42
1934-35	16,065,000	16,651,000	42
1935-36	16,889,000	18,071,000	48
1936-37	18,158,000	16,995,000*	52

* Estimated.

(b) *Recent tariff modifications.*—Subsequent to the Customs tariff changes which took place in the first half of 1935 and were mentioned in the Economic Report dated July 1935, further modifications were introduced later in that year and in the course

of 1936, the majority of which were designed to protect nascent local industries. Some of a purely fiscal nature included drastic increases in the duty on tea. These modifications included:—

19.9.35.—A decree enabling the imposition of a surtax on goods from countries with depreciated currencies.

19.9.35.—A decree applying a 40 per cent. depreciated currency surtax to cotton and rayon textiles from Japan. Followed, on 19th December, 1935, by the application of the same tax to textiles of cotton and artificial silk from China (aimed at textiles of Japanese origin or produced by Japanese interests on Chinese soil).

29.9.35.—Duties on oil seeds and oleaginous fruits, mineral colours, nitrate of ammonia, chemical manures, certain kinds of wood, stationery, wool fabrics mixed with cotton, and crude zinc, underwent modifications.

27.2.36.—Duty on hard soap made with pure olive oil was lowered from 650 milliemes to 500 milliemes per 100 kilograms gross.

10.4.36.—Duty was increased on the vegetable matter "Sorghum" used in tanning. On cotton goods such as ribbons, a minimum duty was fixed; on velvets, plashes, cotton carpets, and carpets made from flax, hemp, jute, cocoanut, or other vegetable fibres, the duties were changed from *ad valorem* to specific; for electric apparatus, parts, etc., new subsections were added and minimum duties were fixed; on motor cars and chassis, the basis of duty was changed from *ad valorem* (15 per cent.) to a specific duty on weight, varying from 20 to 8 milliemes the kilogram nett and according to age. Similarly, on spare parts, accessories, etc., the duty was changed from an *ad valorem* to an *ad pensum* basis.

28.4.36.—The duty on 47 items was modified, and a reduction of 50 per cent. on the export duty on hide fleshings was introduced. The more notable changes included large increases on rayon goods; on hosiery of pure rayon, and of rayon mixed with other textiles; on rayon yarns; on hosiery of pure silk, and of silk mixed with other textiles. On certain woollen fabrics, both pure and mixed with cotton, the duty was changed from an *ad valorem* to an *ad pensum* basis. On various pottery products the basis of duty was changed, with, presumably, the intention of protecting the local industry. Decreases on duty were made on hops and malt, skin gloves, packing paper, jute, platinum, reflectors, lamp shades, and electric light globes. These decreases were also doubtless intended to assist local industries.

11.6.36.—Increased import duties were imposed on tea, leaf tobacco, and manufactured tobacco. This further increase in the duty on tea (without a parallel increase in the tax on coffee) following the increase made in March, 1935, on both tea and coffee, was the subject of a protest by tea importers on the ground of drastic discrimination against tea. The duty on tea was, in effect, raised in the course of 1935 and 1936 by, first, 84 per cent. and, then, 40 per cent.

The 1 per cent. additional *ad valorem* duty on all imports was increased to 2 per cent.

Stock Exchange.—The principal feature on the stock exchange during 1935 was the crisis which took place on the 18th and 19th September. A good deal of nervousness was created by a suggestion that Egypt would be unfavourably situated in the event of war in the Mediterranean and the market was badly shaken. A large volume of securities was thrown on the market, with

the result that prices fell rapidly and far. All the securities offered were, however, absorbed, which showed that there was no inherent weakness in the securities themselves. Energetic action by the Minister of Finance soon restored confidence, and the following week saw a move upwards towards a more normal level of prices. During November, improved cotton quotations and a better commercial movement in other commodities led to more interest being taken in the stock market. This was, however, not sustained in December, and the year closed quietly.

The first half of 1936 was marked by a fairly general reinvestment, on return, of the capital which had taken flight in the autumn of 1935. Repayment of a large proportion of the capital of the Agricultural Bank, which was in process of liquidation, was also seeking investment.

The upward movement which had thus set in was checked in July on the initialling of the Anglo-Egyptian Treaty, when fairly heavy liquidations on behalf of foreign investors took place and losses were reported to be substantial. To reassure investors a statement by the Minister of Finance was published on the stock exchange to the effect that future taxation would be on a moderate scale and that no discrimination against foreigners would be tolerated. The advance was thereupon resumed, only to be held up again in the autumn when the gold bloc countries depreciated their currencies, and a groundless rumour was circulated that £E. would be devalued. The devaluation of the franc not being followed by any considerable liquidation of securities held by French investors and the denial of the Egyptian Government that they had any intention to depreciate their currency restored confidence, and the year ended optimistically.

During the first five months of 1937 the local markets have followed to a great extent the up and down trends of the European markets influenced as they have been by such important factors as the new financial policy of the French Government, the political crisis in Belgium, the intermittent unrest and tension caused by the war in Spain, the great floods in the U.S.A., etc.

The world markets for raw materials have been particularly vigorous on the rearmaments programmes of the great Powers, but towards the end of May they became rather feeble, particularly in the U.S.A., owing to a somewhat confused international political, economic, and monetary situation, assisted by a speculative movement for the fall.

On the whole leading Egyptian stocks and shares, and particularly State funds, have been resistant to outside influences tending to depress prices. Paris and Brussels sold Egyptian securities in expectation of the Montreux Conference, and local operators also rather held aloof. Paris also sold in order to buy National Defence loan. Nevertheless there has been no

sensible decline. The Egyptian Government policy in regard to concessionary companies caused a setback in such shares, and many European operators are still nervous about the Government's future taxation policy. There is, however, a fair amount of local money available and ready to purchase any good securities at bargain prices.

Prices of leading local and international favourites closed on the 29th May 1937, as follows:—

Egyptian Government Unified Debt £100 4 per cent. Stock	£102½
Egyptian Government Privileged Debt £100 3½ per cent. Stock	£95½
National Bank of Egypt £10 Ordinary Shares	£40½
Crédit Foncier Egyptien Fcs.500 (Fcs.250 paid) Ordinary Shares	Fcs.923
Land Bank of Egypt £5 Ordinary Shares	£4½
Alexandria Water Company, Ltd., £5 Ordinary Shares ...	£17½
Cairo Electric Railways and Heliopolis Oasis Company Fcs.250 Ordinary Shares	Fcs.278
Egyptian Salt & Soda Company, Ltd., £1 Ordinary Shares	43s. 6d.

Congresses.—The Xth congress of the International Surgical Society was opened in Cairo on the 31st December 1935. Celebrated surgeons from some 42 different countries took part in the proceedings, and approximately 400 members were present.

The IXth annual congress of the Egyptian Medical Association was inaugurated in Cairo on the 14th December 1936, and was attended by medical practitioners from Palestine, Iraq, Syria, and the Lebanon.

It is announced that XVIIIth International Cotton Congress will be held in Cairo on 26th January 1938.

It has also been announced that an International Ophthalmological Congress will be held in Cairo from the 8th to the 14th December 1937, with which will synchronise an exhibition of instruments, apparatus, drugs, printed matter, etc.

A strong and numerous local committee has been formed to organise the work connected with the Wireless Conference to be held in Cairo on the 1st February 1938.

II.—ECONOMIC LEGISLATION.

General.—The period under review has not been marked by any great addition to the economic legislation of the country, and laws on such outstanding subjects as trade marks and copyright still await inscription on the Statute Book. The draft law on merchandise marks and trade marks, however, may soon, it is understood, be submitted to Parliament, and its promulgation looked for in the course of the present year.

The Italo-Abyssinian campaign left its trace on Egyptian legislation for law No. 145 of the 28th November, 1935, established

sanctions on trade with Italy in sympathy with similar legislation enacted by the League of Nations. The effect of these sanctions was eventually lifted by law No. 57 of the 20th July 1936, with retrospective effect as from 15th July.

New Laws.—The undermentioned laws of economic interest were placed on the Statute Book.

(a) *Nine-hour day.*—A decree-law (No. 147 of the 5th December 1935), was enacted, limiting the hours of work in certain industries. With certain specified exceptions the law provides that workmen may not work more than nine hours a day, such work to be interrupted by one or more breaks totalling not less than one hour. The maximum period of continuous work permitted is five hours.

(b) *Workmen's Compensation.*—A law (No. 64 of the 14th September 1936), on accidents to persons employed in industry and commerce was promulgated. A workman injured as the result of an accident arising out of and in the course of his employment is now entitled to compensation from his employer. Notes regarding the effect of this law on insurance business appear on page 12.

(c) *Nullity of Gold Clauses.*—An important enactment was the decree-law No. 45 dated the 2nd May 1935, declaring null and void gold clauses contained in contracts involving international payments and expressed in Egyptian pounds, pounds sterling, or other foreign currencies which were legal tender in Egypt (French franc or Turkish pound). Payments under conventions or arrangements relating to postal, telegraphic, or telephone services were excepted from the law.

Draft Laws.—Draft laws still in preparation, some of which have been under consideration for considerable periods, relate to the following subjects:—

- (a) Trade marks and trade descriptions and merchandise marks.
- (b) The protection of copyright.

(c) Supervision and control of insurance. The draft provides inter alia that insurance companies doing business in Egypt must make a deposit of £E.10,000 for each class of insurance undertaken with a maximum of £E.30,000; hold separate accounts for each category of insurance; have its accounts audited annually by auditors approved by the Ministry of Finance, and, in the case of life insurance companies, a detailed examination every five years of their commitments and reserves; file with the Ministry of Finance certain annual returns; and invest in Egypt, in the case of life insurance companies, not less than 20 per cent. of the reserves relating to their existing life commitments in Egypt.

(d) Control of varieties of cotton. This prohibits the cultivation of varieties of cotton other than those approved by the Minister of Agriculture.

(e) Regulating the manufacture of and the trade in soap.

- (f) Regulating the industry of and trade in wheat, flour and bread.
- (g) Weights and Measures.
- (h) Contracts of Service.
- (i) Stamp Tax. To be paid on the documents connected with practically every known monetary transaction, or with personal status, posters, notices, newspaper notices, advertisements, etc.
- (j) Bill-posting. The essential, i.e. revenue-producing features of this draft law (now dropped) have been incorporated in the draft Stamp Tax law.
- (k) Compulsory Insurance in respect of Workmen's Compensation. This is complementary to the recently enacted Workmen's Compensation Law (No. 64 of the 14th September, 1936), previously mentioned, and is designed to ensure that the intentions of the Workmen's Compensation law shall become effective whenever compensation falls to be paid.

Trade Regulations—(a) *Date Palms*.—A Ministerial Arrêté was published in "Journal Officiel" No. 64 of the 18th July 1935, prohibiting the importation into Egypt of the fruit of the date-palm without the authority of the Minister of Agriculture.

(b) *Fruits and Seeds of Leguminous Plants*.—A Ministerial Arrêté was published in "Journal Officiel" No. 104 of the 21st November 1935, and became effective as from that date, prohibiting the importation of fruits and seeds of leguminous plants, except under permit from the Ministry of Agriculture.

(c) *Quails*.—A very welcome Ministerial Arrêté was published in "Journal Officiel" No. 54 of the 7th May 1936, prohibiting the export of quails between the 15th February and the end of June in each year.

(d) *Butter*.—By a decision of the Ministry of Health the importation into Egypt of butter containing boric acid or any other preservative except Sodium Chloride (common salt) up to 2 per cent. was prohibited as from the 29th December 1936. In future all consignments of butter arriving in Egypt must be accompanied by official certificates duly endorsed by the competent Egyptian Consular authorities in the exporting country, certifying that the butter is free from harmful preservative substances. In the case of Australia, where there is no Egyptian Consular representation at the moment, certificates issued by the competent Australian authorities will be accepted.

(e) *Preserved Vegetables*.—By decision of the Ministry of Health, the importation into Egypt of preserved vegetables coloured with Sulphate of Copper was prohibited as from the 28th March 1937. As from this date, all consignments of vegetables must be accompanied by official certificates duly endorsed by the competent Egyptian Consular authorities in the exporting country, duly certifying that the vegetables have not been coloured with Sulphate of Copper.

Miscellaneous.—(a) *Motor Vehicles*.—A decree-law No. 81 dated the 1st August 1936, enacted that for a period of three years, from the 1st October 1935, the annual tax on private cars or cars for private hire; cars used solely for the transport of children to and from school; cars used by charitable institutions officially recognised by the Egyptian Government; and taxicabs; should be fixed at a uniform rate of £E.5 per vehicle, irrespective of the weight of the vehicle.

(b) “*Giza 7*” *Cotton*.—A Ministerial Arrêté No. 73 (published in “*Journal Officiel*” No. 126 of the 6th December 1936) established a new contract for the variety of cotton called “*Giza 7*”, which happily put an end to an undesirable situation causing prejudice not only to trade in general, but also to the producer as a result of failure of the “*Sakellarides*” contract to provide a proper hedge for “*Giza 7*.”

(c) *Special Account for Treaty Works*.—Law No. 2 of the 8th February 1937 (published in “*Journal Officiel*” No. 15 of the 13th February 1937), provides for the creation of a special account for expenses in connection with the execution of the Anglo-Egyptian Treaty of Alliance.

(d) *Register of Commerce, operation of*.—The “*Register of Commerce*” which was instituted by law on the 12th July 1934, is functioning normally. Under this law all business houses (whether Egyptian or foreign) having their principal business or head office, or a branch, or an agency, in Egypt are required to furnish certain details concerning their composition and operations to the appropriate governorate or mudiria. A central register for the whole of Egypt is being compiled by the Ministry of Commerce & Industry in Cairo.

III.—STATE FINANCE.

1934-5.—The final account resulted as follows:—

		<i>Budgeted.</i>	<i>Realised.</i>
		£E.	£E.
Receipts	...	31,661,500	33,715,907
Expenditure	...	31,632,431	31,600,252
Surplus	...	<u>29,069</u>	<u>2,115,655</u>

Receipts exceeded the estimates by £E.2,802,000 under various heads of which the chief were customs (£E.1,908,000), railways (£E.332,000), motor tax (effective from the 1st July 1934) (£E.143,000), interest on funds (£E.83,000). On the other hand there was an apparent shortfall of £E.283,000 in the land tax, which was less promptly paid in 1934 than in the previous year when the Government itself had paid part of it as a relief to agricultural depression; and of £E.262,000 in the sales of land, owing to suspension of the system of commuting pensions for grants of Government land.

An expenditure of £E.31,632,431 had been budgeted for, which supplementary credits of £E.1,589,484 opened in the course of the year raised to a total authorised expenditure of £E.33,221,915. On this revised total the realised economy amounted to £E.1,621,663, bringing the actual expenditure to £E.31,600,252.

The result of the 1934-5 year's working of the State Railways, Telegraphs, and Telephones was as follows:—

	<i>Egyptian State</i>	
	<i>Railways.</i>	<i>Telegraphs and</i>
	<i>Telephones.</i>	
	£E.	£E.
Earnings	5,284,728	871,292
Contribution to revenue	1,274,961	208,991
Other outgoings	3,826,548	753,655
	<hr/>	<hr/>
Surplus	183,219	—
Deficit	—	91,354
	<hr/>	<hr/>

The Egyptian State Railways made a profit of £E.183,219 after passing £E.1,274,961 to Government revenues, whilst the Telegraphs and Telephones made a loss of £E.91,354 after contributing £E.208,991 to Government revenues.

1935-6.—The State budget for this year was balanced at £E.32,846,000, but the final account emerged as follows:—

	<i>Budgeted.</i>	<i>Realised.</i>
	£E.	£E.
Receipts	32,846,000	34,959,626
Expenditure	32,846,000	33,649,817
	<hr/>	<hr/>
Surplus	Balanced	1,309,809
	<hr/>	<hr/>

These figures are, however, subject to modification. The ultimate surplus will be passed to the General Reserve Fund.

The chief heads under which receipts exceeded the estimates were as follows:—Customs (£E.1,800,000), Ports and Lights (£E.49,000), stamp duty (£E.33,000), miscellaneous receipts (£E.304,000), interest on funds (£E.55,000), and Postal Administration (£E.60,000). On the other hand, among the principal declines registered were Ghaffir Cess (£E.83,000), direct taxes (house and land) (£E.113,000), State Domains (£E.68,000), and sales of land (£E.46,000).

Estimates, 1936-7.—The State Budget for 1936-7 estimated expenditure at £E.35,150,042 and revenue £E.35,153,260, as compared with balanced estimates of £E.32,846,000 in 1935-6, an increase of £E.2,304,042 in expenditure and of £E.2,307,260

in revenue. The estimates for 1936-7 compare with those of 1935-6 as follows:—

Heading.	1936-37.	1935-36.	Increase in 1936-37.
	£E.	£E.	£E.
1. Salaries, wages and allowances	13,001,702	12,790,759	210,943
2. General expenses	8,420,568	7,880,646	539,922
3. New Works	6,243,330	4,790,084	1,453,246
4. Other expenses	7,484,442	7,384,511	99,931
 Total	 35,150,042	 32,846,000	 2,304,042

The increase in the cost of staff was spread over twenty-five departments. The credits for new works were as usual the most interesting part of the Budget. Irrigation took three millions for expenditure on the Gebel Awlia Dam, the Assiut Barrage, the new Delta Barrage, the conversion of basins, etc. Main Roads and Bridges were allotted £E.268,000; the new Rural Reconstruction Department of the Public Health Ministry for the erection of model villages and installations of drinking water got £E.510,000; and £E.264,000 was given to the State Domains Administration for prosecution of its programme of land reclamation.

It is interesting to observe that no less than approximately 70 per cent. of the receipts was derived from two sources, namely, Customs £E.17,203,500 and Direct Contributions (land and building taxes) £E.6,300,800.

The change of Government which occurred in May, 1936, caused unprecedented delay in approving the Budget which in the event was completely recast by the new Minister of Finance and was not presented to Parliament until the 8th July 1936, five months after the constitutional date: it was not finally promulgated until the 24th September. The results of the first eight months of the financial year 1936-7 indicated that the revenue estimates would probably be realised.

A brief review of items of interest in departmental expenditure is here subjoined:—

Ministry of Finance (£E.3,706,841).

New works in this Ministry's budget included:—

	£E.
Plant extensions, etc., at Government oil refinery at Suez	23,670
Additional installations at Abu Zaabal basalt quarries ...	25,340
Equipment for Sukkari gold mine	15,800
Diesel engine and dynamo and other machinery for the Government Press	14,550
Coastal motor gunboats and launches for the Coastguards and Fisheries Administration	23,250

Ministry of Commerce and Industry (£E.291,813).

New works at £E.61,556 included:—

	£E.
Encouragement of export of citrus fruit	25,000
Tourist propaganda (this item was later increased to £E.50,000)	10,000

Ministry of the Interior (£E.3,977,250).

New works included:—

	£E.
Purchase of English School, Bulac, for use as an asylum for orphans and waifs	11,000
Fire hydrants, three fire engines, arms and ammunition, and launches	19,525
Arms for Ghaffirs (watchmen)	89,870

Ministry of Public Health (£E.2,889,460).

New works at £E.101,665 included:—

	£E.
Vaccine and Serum Institute, Cairo	10,000
Anti-malaria campaign	15,000
Water and light plant in district hospitals	10,000
Air raid precautions	35,000

Ministry of Public Works (£E.6,874,710).

Expenditure on new works at £E.4,615,450 included:—

	£E.
<i>Irrigation Department:—</i>	
Nile protection works consisting of:—	
widening of canals, conversion of channels into public canals, drainage and irrigation works, grants for 1936 for work at Assiut barrage and new Mohamed Aly barrages	2,490,000
grants for 1936 for works at Gebel Awlia dam and other places in the Sudan	769,500
<i>State Buildings Administration:—</i>	
(a) continuation of works included in the 1934-35 budget	599,000
(b) buildings included in the Five-Year programme ...	176,550
Category (a) included £E.150,000 grant for 1936 for Fuad I Hospital, £E.60,000 for buildings at Al Azhar University, £E.30,000 for works at Kasr el Aini Hospital, and £E.35,000 for the Memorial to the late Saad Pasha Zaghloul.	

*Tanzim Department.**Cairo City, Helwan, and Cleansing Section.*

Works affecting the current year 1936-37, £E.41,350, included the purchase of—

	£E.
Vehicles and tractors	20,000
Steam roller	1,000
A destructor	7,500
Under the heading of works spread over several years, the grant for 1936 (£E.92,250), included £E.15,000 for the widening of certain streets etc. and £E.63,000 for Saptieh subway (Shubra) and a subway under Egyptian State Railway of Upper Egypt across Pyramids route.	

Giza and Gezira, and Helwan Water Service.

New works, £E.69,000, included:—

(a) Giza:—	£E.
Completing construction of settling tanks and mechanical filters commenced in 1935 ...	7,000
Purchase of four power engines for Giza Water Works and supply electricity for Pyramids zone ...	12,000
(b) Helwan:—	
Purchase of two engines—50 H.P. with high tension transformers ...	9,000
Completing construction of the mechanical filters, settling tanks, chambers for the new machinery and a new water input ...	17,000

Mechanical and Electrical Department.

New works at £E.25,750 included the following:—

Installation of an electric station at Tura convict prison...

20,000

Main Drainage Department.

New works at £E.201,800 included the following:—

(1) Works affecting the current year, 1936-37:—

Sewer reticulation ...

35,000

(2) Works spread over several years. The grant for 1936 included the following:—

Reconstruction and enlargement of main collector and construction of a third main collector from Ghamra to Amiria ...

40,000

Drainage scheme covering the region at Rhoda Island, Zamalek, and the western side of the Nile between Giza and Imbabe Drainage ...

40,000

Enlargement and improvement of purification works at Gebel El Asfar ...

15,000

Extension of duplicate main collector from Sharabia to Maleka Nazli Street ...

30,000

Construction of two air compressing stations at Cairo, including spare parts for them and Maroof station and replacement at air mains ...

6,000

Construction of a fifth generating set at Kafr Farouk ...

5,500

New rising main between Amiria and Gebel El Asfar ...

25,000

Drainage scheme of Rhoda Island and improvement of southern regions of Cairo Drainage ...

15,000

It is anticipated that £E.24,000 will be underspent.

Ministry of Agriculture (£E.932,544).

New works at £E.89,483 included £E.20,000 for taking over the veterinary section of the Quarantine Board, and £E.6,500 for strengthening the Serum Institute.

*Ministry of Communications (£E.1,812,794).**Central Administration—Mechanical Transport.*

Renewal of old cars and purchase of cars, ambulances, and motor cycles ...

14,775

Aviation Section.

New works at £E.43,000 included the following:—

New control buildings at Almaza, Dekheila, and Mersa Matruh aerodromes ...

28,500

New aerodrome at Port Said ...

5,000

Post Office Savings Bank.

	£E.
Five calculating machines	3,725

Ports and Lighthouses Administration.

New works at £E.106,376 comprised:—

Construction of a quay at Port Ibrahim	6,800
Purchase of new vehicles	1,000
Grants for 1936 for works authorised in a previous Budget included:—	
Completion of coal quay at Suez	35,000
Renewals and repairs of dredgers and dredging works ...	10,000
Lighting of Alexandria harbour and electrification of workshops' plant	8,548
Dredging part of Alexandria harbour	14,500

Roads and Bridges Department.

New works at £E.268,300 comprised:—

Grants for 1936 for works commenced in previous years included:—

Construction of road between Port Said and Damietta ...	10,000
Macadamising the roads between Cairo and Alexandria and between Cairo and Suez	70,000
Construction and macadamising of desert road between Pyramids road and El Amria	36,000
Macadamising of desert road from Matruh to Sidi Barrani	85,000

Estimates, 1937-8.—The State Budget for 1937-8 was introduced in the Chamber of Deputies by the Minister of Finance on the 17th March 1937, and has been balanced at £E.36,116,500 as compared with £E.35,153,260 for the 1936-7 Budget, an increase of £E.963,240, of which Customs duties are expected to produce £E.550,800. With regard to the much criticised increased duties introduced in 1935 and 1936 on tea and tobacco, it is stated that revenue from tea had risen by £E.140,000 between the 1st June 1936, and mid-March 1937, and from tobacco by £E.335,000 between the 11th June 1936, and mid-March, 1937. During a similar period the increased excise duty on sugar had realised an additional £E.280,000, and the increase from 1 per cent. to 2 per cent. of the *ad valorem* statistical tax (additional import duty) from the 1st May 1936, to the 31st January 1937, had produced an extra £E.178,000.

Of the increased expenditure which amounts to £E.1,700,000, the most important items are the following:—

	£E.
Irrigation and mechanical services	622,000
Education	378,000
Public Health	121,000
Tourism	40,000
National Defence	350,000

Of the increase in the grant for education, £E.213,000 is accounted for by the transfer of provincial schools from the control of local authorities to that of the Ministry of Education.

Against this increase of £E.1,700,000, economies have been effected amounting to £E.750,000 without, it is hoped, detriment to essential service.

With a view to creating new sources of revenue, the Government contemplated the adoption of the following measures:—

- (1) establishment of further Customs duties with a moderation conducive to an increase of revenue;
- (2) sale of a large proportion of Government lands;
- (3) organisation of national lotteries;
- (4) operation of certain concessions hitherto worked by foreign companies on expiry of the existing agreements;
- (5) utilisation of a certain portion (about £E.8 millions) of the General Reserve Fund (a) for extraordinary projects, and (b) for part payment of the cost of works necessitated under the terms of the Anglo-Egyptian Treaty.

The first of these extraordinary projects is the Aswan dam hydro-electric scheme for the production of electric power to be used for the manufacture of chemical manures. A scheme has also been approved by the Council of Ministers and will be submitted to Parliament for the establishment of factories for the production of:—

- (1) aeroplanes and vehicles (estimated cost, £E.200,000);
- (2) arms (estimated cost, £E.500,000);
- (3) munitions (estimated cost, £E.300,000); and
- (4) gas-masks (estimated cost, £E.200,000).

The Government have further decided to create a State Mint for striking Egyptian coinage.

Revenue.—The revenue for the financial year 1936-7 was estimated at £E.35,153,000 as compared with £E.32,846,000 for 1935-6. In his budget speech on the 17th March 1937, the Minister of Finance estimated revenue for 1937-8 at £E.36,116,500.

The principal source of the Egyptian State's income is derived from Customs, which represents about 50 per cent. of the total revenue. In 1935-6 Customs receipts were estimated at £E.14,684,000 and actually produced £E.16,889,000. For 1936-7 the estimate was £E.17,203,500, whilst receipts attained a new record of £E.18,158,000 by the 30th April 1937, end of the financial year. In his estimates for 1937-8 the Minister of Finance is counting on Customs duties producing £E.17,754,300.

an increase of £E.550,800 on the estimate for the previous year (£E.17,203,500). The cost of collection of this, the most important head of revenue, does not exceed 2 per cent.

Other heads of revenue are as follows:—

	1935-36. £E.	1936-37. £E.
Direct taxation (i.e. land and buildings) ...	6,271,600	6,300,800
Judicial and registration fees	1,817,200	1,833,560
Government's share in E.S.R. revenue (25 per cent. of gross receipts)	1,275,000	1,272,500
Government's share in Telegraphs and Telephones revenue (25 per cent. of gross receipts)	204,800	214,250
Post Office	754,000	774,700
State Domains	677,000	708,450
Ghaffir Cess	1,274,000	674,000
Pension Contributions	590,000	600,000
Interest on Funds	1,380,500	1,464,000
School and examination fees	564,000	545,000
Miscellaneous receipts and dues	1,406,500	1,823,000

With Capitulations in force it has been difficult for the Egyptian Government to find fresh sources of revenue a factor which has tended towards a low basis of taxation.

The cost of revenue collection, whilst meritoriously low (2 per cent.) in the Customs Administration, is elsewhere relatively high.

Summary of State Budgets.

Year.	Estimated.	Realised.	Remarks.
1934-35.			
Revenue ...	£E. 31,661,500	£E. 33,715,907	Egyptian State Railways, Telegraphs and Telephones detached from State Budget in 1933-34.
Expenditure ...	31,632,431	31,600,252	
Deficit... ...	—	—	
Surplus ...	29,069	2,115,655	
1935-36.			
Revenue ...	32,846,000	34,959,625	—
Expenditure ...	32,846,000	33,649,817	
Deficit... ...	—	—	
Surplus ...	—	1,309,809 (provisional)	
1936-37.			
Revenue ...	35,153,260		
Expenditure ...	35,150,042		
Deficit... ...	—		
Surplus ...	3,218		
1937-38.			
Revenue ...	36,116,500		An extraordinary budget is to be brought into existence in respect of special expenditure under the Treaty earmarked for payment out of Government General Reserve Fund.
Expenditure ...	36,116,500		
Deficit... ...	—		
Surplus ...	—		

Egyptian State Railways.

Year.	Estimated.	Realised.	New Works.	
1934-35.				
Revenue ...	£E. 4,750,000	£E. 5,119,800	Estimated	£E. 517,800
Expenditure* ...	3,632,000	3,506,900	Realised	219,900
Deficit ...	—	—		
Surplus ...	1,118,000	1,612,900		
1935-36.				
Revenue ...	5,100,000	5,145,200	Estimated	708,100
Expenditure* ...	4,067,500†	4,006,700	Realised	422,400
Deficit ...	—	—		
Surplus ...	1,032,500	1,138,500		
1936-37.				
Revenue ...	5,090,000	5,172,800‡	Estimated	601,000
Expenditure* ...	3,954,000	3,950,900‡	Realised	270,400‡
Deficit ...	—	—		
Surplus ...	1,136,000	1,221,900‡		
1937-38.				
Revenue ...	5,076,000			
Expenditure* ...	4,081,900			
Deficit ...	—			
Surplus ...	994,100			

* Does not include New Works.

† As amended during the year.

‡ Based on actual revenue to end of March, 1937..

Egyptian State Telegraphs and Telephones.

Year.	Estimated.	Realised.	New Works.	
			Estimated.	Realised.
1934-35.				
Revenue—	£E.	£E.		
Telegraphs	155,500	163,500	Telegraphs	5,700
Telephones	614,600	658,100	Telephones	134,800
Expenditure* ...	770,100	821,600		
Deficit ...	589,100	589,700		
Surplus ...	181,000	231,900		
1935-36.				
Revenue—				
Telegraphs	166,500	178,200	Telegraphs	5,700
Telephones	640,900	681,100	Telephones	110,600
Expenditure* ...	807,400	859,300		
Deficit ...	601,800	590,100		
Surplus ...	205,600	269,200		

Egyptian State Telegraphs and Telephones—cont.

Year.	Estimated.	Realised.	New Works.	
			Estimated.	Realised.
1936-37.				
Revenue—				
Telegraphs	168,000	184,400	Telegraphs 4,800	2,300†
Telephones	673,000	697,200	Telephones 132,900	67,300†
Expenditure*	841,000	881,600†		
Deficit ...	609,100	590,800†		
Surplus ...	231,900	290,800†		
1937-38.				
Revenue—				
Telegraphs	935,500			
Telephones	679,700			
Expenditure*				
Deficit ...				
Surplus ...	255,800			

* Does not include New Works.

† Based on actuals to end of March, 1937.

Egyptian State Broadcasting.

Year.	Estimated.	Realised.	New Works.	Remarks.
1934-35.	£E.	£E.		
Revenue ...	10,400	14,400	Estimated 18,500	Licences in 1935 numbered 41,370
Expenditure*	5,100	5,100	Realised 3,600	
Deficit ...	—	—		
Surplus ...	5,300	9,300		
1935-36.				
Revenue ...	12,200	21,900	Estimated 17,300	Licences in 1936 numbered 57,633
Expenditure*	10,300	8,100	Realised 13,400	
Deficit ...	—	—		
Surplus ...	1,900	13,800		
1936-37.				
Revenue ...	16,000	27,800†	Estimated 4,500	
Expenditure*	13,000†	5,100†	Realised 300†	
Deficit ...	—	—		
Surplus ...	3,000	22,700†		
1937-38.				
Revenue ...	24,500			
Expenditure*	11,500			
Deficit ...	—			
Surplus ...	13,000			

* Does not include New Works.

† Establishment provision is included in Telegraphs and Telephones provision.

‡ Based on actuals to end of March, 1937.

General Reserve Fund.—The General Reserve Fund of the Egyptian Government has been formed by the surpluses of budgets arising out of underspent credits. Below will be found a table giving details of the Egyptian Government General Reserve Fund at the close of the financial years 1934-5 and 1935-6. On the 30th April 1935, this fund stood at £E.32,276,831, and on the same date a year later the amount was £E.33,276,831, whilst the liquidity increased from £E.25,327,584 to £E.26,321,437.

In his speech on the 1937-8 budget, the Minister of Finance stated that the Reserve Fund in its present state, of which particulars are given below, could be considered adequate for all present and future needs of the country, and that for this reason the practice of passing surpluses to it would be discontinued in future, and that they would be utilised for public projects.

Position of the Egyptian Government General Reserve Fund.

	30th April 1935.		30th April 1936.	
	<i>Frozen.</i> £E.	<i>Liquid.</i> £E.	<i>Frozen.</i> £E.	<i>Liquid.</i> £E.
Investments	500,000	17,399,375	500,000	18,588,04
Balance of cotton account ...	253,155	—	79,700	—
" agricultural loans	676,348	—	388,345	—
" cotton loans ...	67,644	—	59,401	—
Advances to Crédit Agricole	2,000,000	—	2,000,000	—
" landowners ...	1,040,024	—	1,304,754	—
" Crédit Hypothé- caire	953,163	—	929,088	—
Industrial loans	773,895	—	889,871	—
Co-operative loans	169,847	—	142,685	—
Advances to Wakf Depart- ment	85,980	—	90,857	—
Outstanding from mortgage debtors	429,191	—	570,693	—
Cash	—	7,928,209	—	7,733,39
	6,949,247	Liquid 25,327,584	6,955,394	Liquid 26,321,43
		Frozen 6,949,247		Frozen 6,955,394
		<hr/>		<hr/>
	Total 32,276,831		Total 33,276,831	

The liquid investments mentioned above were:—

	<i>At 30.4.35.</i> £E.	<i>At 30.4.36.</i> £E.
Stocks of the Egyptian Government public debt	9,493,204	9,848,690
British Treasury bonds	5,846,457	5,846,457
French, Belgian and Hungarian Treasury bonds	1,127,747	1,050,500
Various Stocks and Shares	931,967	1,842,393
	<hr/>	<hr/>
Total	17,399,375	18,588,040

It is to be observed that the book values of the above-mentioned investments was less, by about £E.4,600,000, than the market prices on 30th April 1935, and 30th April 1936, respectively. The values above indicated are the purchase prices.

The position of the Reserve Fund during the last five financial years was as follows:—

Year.	Frozen.	Liquid.	Totals.	
			£E.	£E.
1931-32	... 15,187,682	18,203,575	33,391,257	
1932-33	... 13,099,419	18,341,510	31,440,929	
1933-34	... 8,481,205	21,645,777	30,126,982	
1934-35	... 6,949,247	25,327,584	32,276,831	
1935-36	... 6,955,394	26,321,437	33,276,831	

National Debt.—The following was the state of the Egyptian Public Debt as on the 1st May, 1936:—

Consolidated Debt.						£S.
Guaranteed Loan 3 per cent.	...	...	...	...	...	2,615,200
Privileged Loan 3½ per cent.	...	...	...	...	...	30,633,980
Unified Loan 4 per cent.	...	...	...	...	...	55,250,460
Total						88,499,640*

Egyptian Tribute Loans.

Turkish Government Loans (4 per cent.) of 1891	...	3,181,920
Turkish Government Conversion (3½ per cent.) of 1894	...	4,656,120
Total		7,838,040

The service of the Consolidated Debt and Tribute Loans for the year ending 30th April 1936, was:—

							£E.
Guaranteed Loan	...	...	...	...	...	...	307,125
Privileged Loan	...	...	...	...	...	...	1,045,384
Unified Loan	...	...	...	...	...	...	2,154,768
Total							3,507,277
Turkish Government Debt, 1891	...	...	...	...	...	...	273,608
Turkish Government Debt, 1894	...	...	...	...	...	...	321,018
Total							594,626

Total service of the Funded Debt for 1935-36 was £E.4,101,903.

Short Term Dept.

	Original.	Outstanding.
	£E.	£E.
4 per cent. Treasury 5-year bonds issued to Mortgage Banks in February, 1933	...	1,000,000
4½ per cent. Treasury 10-year bonds public issue in February, 1933	...	2,500,000
Totals	3,500,000	2,285,500

* Including Bonds held by the Caisse de la Dette and by the Government for their respective Reserve Funds, etc.

Contingent Liabilities, outstanding on the 1st May, 1936.

	<i>Amount.</i>	
	<i>Original.</i>	<i>Outstanding.</i>
	£S.	£S.
City of Alexandria 4 per cent. Loan, 1902...	512,800	377,100
		<i>£E.</i>
Crédit Hypothécaire Agricole 3½ per cent....		2,000,000
Crédit Agricole 5 per cent. interest on share capital		1,000,000

Note.—In addition to the foregoing, the Egyptian Government has certain direct liabilities with regard to guarantees given in connection with the Kena to Aswan and Port Said to Ismailia and Helwan Railways, on which the annual charge amounts at present to about £E50,000.

Gold Clause Cases.—(a) *Egyptian Public Debt.*—The Mixed Court of Appeal delivered judgment on the 15th February 1936, on the question which has occupied public attention for so long whether the bonds and the coupons of the Egyptian consolidated debt should be paid on a gold or a sterling basis. The Court decided that it was not competent to hear the case and the lower court's judgment ordering payment in gold was accordingly quashed. Egypt will, therefore, continue to pay in paper or sterling as hitherto. The judgment had no influence on the market, although it created a mild sensation, the prevalent opinion having been that the Court's judgment would consist of an order for payment in sterling.

(b) *Crédit Foncier Egyptien: Land Bank of Egypt.*—In the similar cases brought by bondholders against these two financial institutions, the Mixed Court of Appeal on the 18th February 1936, also quashed the judgment of the Court of First Instance which had ordered payment in gold. The securities involved in these cases were the 4 per cent., 3½ per cent. and 3 per cent. non-lottery bonds and 3 per cent. lottery bonds of the Crédit Foncier Egyptien and the 3½ per cent. bonds of the Land Bank of Egypt.

(c) *Agricultural Bank of Egypt.*—Judgment was given in the Mixed Court of Appeal on the 14th May 1936, quashing the previous judgment of the Court of First Instance in the case brought by certain bondholders of the Agricultural Bank of Egypt with a view to obtaining payment in gold of the Bank's debentures and of the interest thereon. Payment will, therefore, be made in sterling.

Note circulation.—The subjoined statement gives particulars of the note circulation for each month in the years 1935 and 1936 in Egyptian pounds:—

Month.	1935.		1936.	
	£E.	£E.	£E.	£E.
January ...	19,527,241		22,216,247	
February ...	19,290,483		22,239,610	
March ...	19,045,753		21,638,879	
April ...	18,981,868		21,245,969	
May ...	18,550,855		20,528,770	
June ...	18,013,383		19,577,511	
July ...	17,249,795		18,644,127	
August ...	17,134,033		19,388,292	
September ...	21,406,267		23,276,411	
October ...	24,381,226		23,387,436	
November ...	24,602,522		22,850,311	
December ...	23,253,128		23,137,779	

It will be observed that the note circulation is generally at its highest in the last four months of the year, which are the first four months of the cotton export season when arrivals from the Interior and exports from Alexandria are heaviest.

During October and November 1935, very heavy shipments of cotton were made owing to war scare, and the note issue consequently reached its greatest intensity during those two months.

Note Issue.—At the end of 1935 the note issue amounted to £E.25,100,000 as compared with £E.24,900,000 at the close of 1936 (Note: The amount of notes issued is always greater than the value in circulation). The cover for the latter amount consisted of:—

	£E.
Gold ...	6,240,583
*British Treasury Bills and Treasury Bonds ...	6,209,417
Egyptian Government Securities and Securities guaranteed by the Egyptian Government ...	1,500,000
British Treasury Bills and British War Loan ...	10,950,000
<hr/>	
Total ...	24,900,000

* (By authority of the Egyptian Government British Treasury Bills and Treasury Bonds are deposited in lieu of gold.)

In September 1935, the issue of P.T.50 notes was resumed and was welcomed by the public as the existence of these notes limits not only the necessity of carrying an unnecessary amount of heavy small change, but also lessens the probability of receiving in change base money of which there is a considerable amount in circulation. Notes for P.T.25 would be welcomed by many.

Bank Clearings.—Reference to the subjoined table giving details of the compensation effected between the banks in Cairo and Alexandria shows that the value of cheques passing through

the clearing house increased considerably in 1935 and 1936 as regards both the number of operations and the total amounts involved.

Year.	Number of operations.						Total sums involved. £E.
	1930	1931	1932	1933	1934	1935	
1930	540,000	109,574,000
1931	525,000	97,752,000
1932	531,000	102,380,000
1933	551,000	102,346,000
1934	600,000	105,204,000
1935	647,000	119,900,000
1936	693,000	123,540,000

The increasing use of cheques as instruments of payment in Egypt will tend to slow up the expansion of the banknote circulation.

Government Gold Purchases.—In 1935 the Government gold purchases amounted to £E.782,326 as compared with £E.299,450 in 1936. On the 9th December 1936, the Council of Ministers decided to sell the Government's stock of gold valued at £E.1,062,952 and to continue their local purchases at the same slightly lower price than that of London.

State purchases of gold during recent years have been as follows:—

Year.	Purchases. Sales to the United Kingdom.	
	£E.	£E.
1931 (two months)	...	...
1932	180,820	Nil.
1933	4,177,984	1,497,540
1934	632,704	697,458
1935	880,191	4,221
1936	782,326	985,297
	299,450	479

The Government only began the purchase of gold in November 1931, with a view to protecting the fellahs when realising their gold jewellery and coins during the depression from the short prices which the money-changing element were offering them. No information is available regarding the amounts paid out by unofficial purchasers of gold from the peasantry.

The foregoing table is an illuminating barometer of the incidence of the depression in Egypt, indicating its great intensity in 1932, and the diminution in 1936 of what in 1933 to 1935 had become, perhaps, more a habit than a necessity.

Adjudications.—The Ministry of Finance issued a circular No. 11 dated the 7th December 1936, published in the "Journal Officiel" No. 6 of the 21st January 1937, relative to the presentation of tenders in foreign currencies, abrogating previous circulairs on this subject, and decreeing that in future only offers presented in Egyptian currency, or in English currency based on a rate of £.97.5 per pound sterling, would be accepted.

New Works Executed*.—(a) *Egyptian State Railways, Telegraphs, and Telephones, and Broadcasting Administration.*—The principal purchases of this Administration since the date of the last report include:—

In 1935: (a) from the United Kingdom:—flat bottom rails, £E.33,508; coal and coke, £E.665,000; Abu Zaabal power house, £E.13,234; total, £E.711,742; (b) from Continental sources:—wooden sleepers, £E.65,579 and £E.20,718; steel sleepers, £E.32,870; telegraph poles, £E.13,550; total, £E.132,717. In 1936: (a) from the United Kingdom:—bogie underframes, £E.13,624; rails for Fuka-Mersa Matruh extension, £E.20,874; side-tank locomotives, £E.37,155; steel rails, £E.21,079; automatic telephones, £E.20,305; coal and coke, £E.602,262; total, £E.715,299; (b) from Continental sources:—screw spikes, £E.5,980; steel fishplates, £E.6,785; bolts and nuts, £E.8,289; Nag Hamadi bridge, £E.113,507; steel rails, £E.10,825; steel rounds, £E.7,262; total, £E.152,648.

(b) *Main Drainage Department.*—Contracts placed by this Department during 1935 and 1936 included the following:—

Two pumping stations in Cairo, £E.5,783—Swiss pumps, pipes and valves; German motors. Water purification tanks at Khanka lunatic asylum, £E.6,085—U.K. pump, pipes and valves; and Belgian motor and cables. Two generating sets at Giza, £E.10,776—U.K. generators, pipes, valves, engines and pumps. Main sewer from Sharabia to Madbouli, £E.54,045—local bricks. Sealed sewage mains from Midan Bab-el-Khalk to Mohamed Ali Bridge, £E.30,478—U.K. pipes and valves. Water purification tanks at Zagazig and Fayoum, £E.60,564—U.K. pipes and valves. Reticulation works at Fayoum, £E.41,450—U.K. pipes and valves. Additional reticulation works at Fayoum, £E.11,290—local pipes.

(c) *Mechanical and Electrical Department.*—Among the principal contracts placed by this Department during the last two years may be mentioned the following:—

1935: Machinery for Balamoun Pumping Station, £E.34,090—Switzerland and Germany; U.K. filter. Machinery for Fuia Pumping Station, £E.39,957—Switzerland and Germany; U.K. filter. Extension of Khanka Mental Asylum, £E.11,000—U.K. and Germany. Air-conditioning plant for Kasr-el-Aini Hospital, £E.3,891—U.K. Abu Zaabal Metal Quarrying Plant, £E.20,000—U.K., U.S.A. and Germany. Giza Drainage Pumping Station, £E.10,776—U.K., Switzerland and Germany. Erection of Gallawia Pumping Station, £E.33,600—U.K., Switzerland and Germany. Rosetta (Rashid) Transmission lines, £E.9,630—U.K. and local. Qalag Pumping Station, £E.10,720—U.K. Sabal Drainage Pumping Station, £E.31,200—U.K.

* New irrigation works are dealt with in Chapter VI (Agricultural).

1936: Rosetta (Rashid) Pumping Station, £E.7,300—Holland and Belgium. Maadi Power Station for Egyptian Army, £E.3,069—Germany. Power and Pumping Station at Tura Prison, £E.30,000—Switzerland and Germany. Decauville wagons and compressor for Mines and Quarries Department, £E.6,431—U.K. Generating plant for Government Press, £E.4,477—Germany. New Rahawi Pumping Station, £E.55,029—Switzerland; electrical materials from U.K. Cooling apparatus for Serum Institute, £E.3,441—U.S.A. Fumigation plant for Customs House Administration, Ministry of Agriculture, £E.6,581—U.K. and Germany. Air-conditioning plant for Chemical Department building, £E.6,710—U.S.A. Air-conditioning plant for House of Deputies, £E.11,760—U.S.A.

(d) *Municipalities & Local Commissions Department.*—A remarkably high proportion of the equipment purchased by this Department came from continental sources (as reference to the subjoined particulars of orders placed during 1935 and 1936 will show) despite the strong claims of the United Kingdom.

Extension of water mains at Menzaleh, £E2,046—U.K. and Germany. Water works at Beni Suef, £E3,656—Germany. Electric distribution system at the barrages, £E3,179—Sweden, Belgium and France. Sub-station for electricity distribution at Tema, £E1,831—Belgium. Electric distribution system at Tema, £E5,327—Belgium, Sweden and France. Electricity transmission lines at Tema, £E7,193—U.K. Extension of water mains at Galioub, £E2,197—U.K. Connection of electric current to weaving school at Mehalla El Kobra, £E2,300—Germany. Electric distributing stations at Bardis and Baliana, £E3,554—Germany. Electric distribution system at Galioub, £E7,522—Sweden, Germany and France. Extension of underground electric distribution system at Zagazig, £E1,261—Germany and France. Extension and modification of electric distribution system at Minia, £E2,023—Germany. Electric transmission lines, distribution system and telephone line between Bardis and Baliana and Guirgueh, £E18,526—Germany, Sweden, France and Belgium. Second extension of electricity works at Damietta, £E9,994—Germany. Electric material for the stage of theatre at Tanta, £E1,332—Germany. Extension of electric distribution system at Shebin El Kom, £E1,037—Germany. Supply and erection of an electric group for the distribution system at Shebin El Kom, £E3,613—Germany. Pipes for Fayoum, £E1,273—French pipes. Decantation basin at Damietta waterworks, £E2,123—U.K. pipes (£E200) and local. Four automatic fire pumps, £E2,359—France. Three motor fire pumps, £E1,995—U.K. Five lorries, £E1,000—U.S.A. Three motor fire pumps, £E1,692—France. Extension of electric distribution system at Mehalla El Kobra, £E1,638—Belgium and Sweden.

(e) *State Buildings Department.*—During the past two years work on the new Fuad I hospital on Roda Island (Cairo) has continued to advance on an uneven basis, the outpatient and casualty blocks and four ward units having been completed, whilst two further ward units are also ready for handing over. Surgical wards already finished cannot be made use of as the connected operating theatres have not yet been constructed. Further, the main mechanical equipment of the hospital has not yet been put out to tender and such sections of the hospital as are in use derive hot and cold water from provisional plant.

IV.—FOREIGN TRADE.

General.—(a) *Total Trade.*—The foreign trade of Egypt for 1934, 1935 and 1936, exclusive of bullion, was as follows:—

In 000's of £E.

—	1934.	1935.	1936.	Increase (+) Decrease (-) in 1936.
	Value.	Value.	Value.	
Imports	£E. 29,244	£E. 32,220	£E. 31,497	— 723
Exports	£E. 31,048	£E. 34,424	£E. 32,972	— 1,452
Re-exports ...	£E. 568	£E. 992	£E. 924	— 68
Total trade ...	60,860	67,636	65,393	— 2,243

Over-stocking and rush exports of cotton in the last five months of 1935 owing to war scare, the application of sanctions to Italian trade for over seven months of 1936, the troubles in Palestine, and the civil war in Spain are the factors principally accountable for the decreased volume of trade in 1936 as compared with 1935. Compared with 1934, imports in 1936 were £E.2 millions, exports £E.1.9 millions, and re-exports £E.356,000 up. It does not, consequently, fall to be said that the foreign trade of Egypt underwent any real setback in 1936.

(b) *Balance of Trade.*—(i) The subjoined table shows that Egypt has enjoyed favourable visible trade balances during the last four years amounting to £E.6.8 millions.

(Exclusive of bullion and specie.)

—	1933.	1934.	1935.	1936.
Exports ...	£E. 28,104,000	£E. 31,048,000	£E. 34,424,000	£E. 32,972,000
Imports ...	£E. 26,757,000	£E. 29,244,000	£E. 32,220,000	£E. 31,497,000
Trade balance	+ 1,347,000	+ 1,804,000	+ 2,204,000	+ 1,475,000

Had re-exports during these four years been taken into account in the above figures, Egypt's visible trade balance would have been increased by a further £E.3.6 millions, making a combined total of £E.10.4 millions. It is an interesting fact to be noted in passing that since 1880 Egypt has only had an adverse visible trade balance on 11 occasions, and that, still allowing for re-exports, the visible nett trade balance in Egypt's favour for the period 1880 to 1936 amounted to £E.175.4 millions.

(ii) The balance of invisible trade between Egypt and the outer world is a difficult matter to gauge with any accuracy. From statistics derived from banks and by other more rough and ready methods it would appear to be fairly clearly deducible that the money spent in Egypt by the British land and air forces and by foreign tourists handsomely outweighs the annual sums disbursed outside this country by Egyptians travelling and educating their children abroad.

As regards dividends, these may be left to cancel out as between Egyptian payments abroad or to foreigners resident in Egypt and foreign payments to Egyptians, wherever resident. That this country holds considerable investments outside its frontiers is well known: an important percentage of the past accumulations of the visible trade surpluses referred to earlier is invested abroad. And there the question must perforce be left, as means to judge of these two opposing sources of wealth with any accuracy have not so far become available.

There remains for appraisement foreign banking, shipping, and insurance services rendered to Egypt for which up till the present little counterpart exists. Nevertheless, shipping services rendered by the vessels of the Misr Line, and business done by the four Egyptian insurance companies, must rank in diminution, however modest, of this last section of invisible trade.

(c) *Distribution of Trade.*—The United Kingdom took 38 per cent. (£E.12,491,000) of Egypt's exports in 1936 as compared with 33 per cent. (£E.11,369,000) in 1935. The share of the overseas Empire, including Mandated Territories, on the other hand, dropped from 8.0 per cent. (£E.2,728,000) in 1935 to 6.4 per cent. (£E.2,136,000) in 1936. Japan increased her share from 5.4 per cent. (£E.1,838,000) in 1935, to 7.7 per cent. (£E.2,541,000) in 1936, whilst France and Germany both decreased their purchases from 11 per cent. (£E.3,777,000) and 8.1 per cent. (£E.2,796,000) respectively in 1935, to 10 per cent. (£E.3,298,000) and 7 per cent. (£E.2,291,000) respectively in 1936. Owing to the operation of sanctions against Italy and in the case of Spain to the effect of the civil war the proportion of Egypt's export trade taken by these countries was greatly reduced from 6.6 per cent. (£E.2,258,000) and 4.5 per cent. (£E.1,559,000) respectively in 1935, to 2.8 per cent. (£E.943,000) and 2 per cent. (£E.673,000) respectively in 1936. Mention might also be made of the increase in Rumania's share from 1.3 per cent. (£E.454,000) in 1935 to 2.1 per cent. (£E.701,000) in 1936, and of the reduction in the case of India from 5.4 per cent. (£E.1,841,000) in 1935 to 3.8 per cent. (£E.1,262,000) in 1936.

The United Kingdom maintained its position as Egypt's chief supplier, increasing from 22.8 per cent. (£E.7,360,000) in 1935, to 23.9 per cent. (£E.7,526,000) in 1936, whilst the overseas

Empire, including Mandated Territories, remained at 5.9 per cent. (£E.1,881,000 in 1935 and £E.1,863,000 in 1936). Germany increased her imports from 8.9 per cent. (£E.2,874,000) in 1935, to 11.1 per cent. (£E.3,511,000) in 1936. Italy's imports fell to 3.5 per cent. (£E.1,093,000) as compared with 5.5 per cent. (£E.1,801,000). Japan also considerably reduced its sales to Egypt from 12 per cent. (£E.3,869,000) in 1935 to 5.9 per cent. (£E.2,178,000) in 1936.

Appendices Nos. IV and XIX give the values of imports from, and exports to, the principal countries trading with Egypt, whilst the main categories of imports and exports are shown in Appendices Nos. III and XVIII.

(d) *United Kingdom Trade with Egypt.—Imports.*—Imports (exclusive of bullion and specie and re-exports in both cases) from the United Kingdom to Egypt in 1936 amounted to £E.7,526,000 (23.9 per cent.) against £E.7,360,000 (22.8 per cent.) in 1935, an increase of £E.166,000.

Amongst imports from the United Kingdom which declined in value in 1936, were the following:—

Commodity.	1935. Value. £E.	1936. Value. £E.
Herrings, salted, dried or smoked	41,844	28,591
Cheese, not specified	23,273	13,828
Tea	29,184	26,325
Cement	24,339	12,720
Coal and anthracite	1,416,207	925,155
Coke of coal	15,203	5,274
Soap, common, hard, not from olive oil only	37,216	29,305
Sulphate of ammonia	21,226	7,405
Belting for machines (of leather)	7,448	2,678
Woven fabrics, wool or hair, pure, 201-350 grams per square metre	284,767	182,341
Woven fabrics, wool or hair, mixed with other materials except silk	92,563	14,828
Thread, pure cotton, on wood reels for retail sale	77,937	48,150
Thread, pure cotton, not on wood reels ...	17,911	10,426
Belting, hair, or textile	21,194	16,704
Blankets and coverlets, wool, by number ...	5,712	914
Tiles and pantiles, glass, printed, etc. ...	7,018	1,930
Sheet, iron or steel, common	98,254	90,632
Bars, iron or steel (and ITU profiles) ...	19,352	15,781
Rails, fishplates and railway sleepers, iron ...	36,857	30,763
Hoops, iron or steel	33,619	19,653
Pipes, non-malleable cast-iron, up to 6 inches, up to 22 kilogrammes per metre	8,180	7,083
Pipes, non-malleable cast-iron, up to 6 inches, over 22 kilogrammes per metre	5,878	1,032
Tubes and pipes, iron, steel, or malleable cast- iron, plain, not perforated, common ...	25,484	16,878
Tubes and pipes, iron, steel, or malleable cast- iron, coated tin, lead, or zinc	22,734	17,272
Structures, iron or steel	76,345	60,319

Commodity.	1935. Value. £E.	1936. Value. £E.
Bottoms, copper	76,782	50,580
Tin, crude, scrap, and waste	115,825	88,634
Engines, stationary, steam	6,357	235
Engines, stationary, internal combustion	117,033	112,219
Apparatus, lifting and loading, etc	24,795	16,833
Machines and looms for weaving	117,482	41,563
Sewing machines, proper or complete	39,104	22,759
Parts of machinery and mechanical and trans- mission apparatus, various metals	94,949	73,210
Accumulators, electric and parts	17,680	9,699
Motor cars and chassis	103,693	91,736
Parts and accessories for automobiles	19,251	17,689

On the other hand, increases were registered by the under-mentioned commodities:—

Commodity.	1935. Value. £E.	1936. Value. £E.
Cod, salted, dried or smoked	17,474	19,502
Butter, fresh or salted	6,088	10,422
Chocolates	26,656	40,711
Bakers' products	19,373	21,036
Beer in bottles	20,212	26,668
Beer not in bottles	24,093	27,279
Whisky, bottled	104,425	112,374
Gin, bottled	not given.	10,800
Cigarettes	76,277	113,388
Tobacco, manufactured	5,207	8,824
Lubricating oils	17,444	20,937
Serums and vaccines	7,377	14,362
Medicines, medical preparations, pharma- ceutical specialities, not specified	69,535	76,771
Products, chemical, not specified	17,712	25,562
Paper and cardboard, sensitised	6,632	13,811
Indigo, artificial	8,216	11,902
Coal tar dyes, dry or in paste	14,180	21,218
Colours, oil, not specified, and enamel paints	24,396	27,466
Tyres, rubber, hollow for automobiles ...	19,914	29,811
Soap, toilet and medicinal	17,489	18,559
Woven fabrics, wool or hair, pure, 200 grams or less per square metre	4,854	15,570
Woven fabrics, wool or hair, pure, 351-550 grams per square metre	25,545	71,077
Woven fabrics, wool or hair, pure, over 550 grams per square metre	15,457	22,982
Woven fabrics, wool or hair, mixed with cotton (cotton warp) 200 grams or less per square metre	5,339	19,683
Woven fabrics, wool or hair, mixed with cotton (cotton warp) 201-350 grams or less per square metre	35,802	168,755
Woven fabrics, wool or hair, mixed with cotton (cotton warp) 351-550 grams or less per square metre	1,735	35,867
Blankets and coverlets, wool, by weight ...	13,061	22,829

Commodity.	1935. Value. £E.	1936. Value. £E.
otton piece goods*	589,214	1,042,873
heet, iron or steel, tinned, etc.	84,029	88,585
ipes, non-malleable cast-iron over six inches	11,291	22,173
ractors	6,595	12,601
rticles and fabrics, hosiery, wool, pure, or mixed	26,791	30,939
umps, stationary or internal combustion ...	18,846	19,787
Machines for printing and type setting ...	8,175	16,994
Machinery and apparatus, not specified, not aluminium or copper	43,168	78,454
Radio receiving sets	7,863	12,446
Machinery, etc., for agriculture ...	12,720	16,030
Apparatus, electric, not specified and parts ...	51,977	53,598
Motor lorries and chassis	25,039	52,887
Apparatus and instruments, medical, surgical, veterinary	12,655	23,607

* The various categories of cotton textiles are dealt with in detail in the sub-section dealing with "Imports."

(e) *United Kingdom Trade with Egypt—Exports.*—Exports (excluding bullion and specie) to the United Kingdom in 1936 amounted to £E.12,491,000 as compared with £E.11,369,000 in 1935, an increase of £E.1,122,000.

The most important increases occurred in the following cases:—

Commodity.	1935. Value. £E.	1936. Value. £E.
Raw cotton	7,862,860	8,969,516
Oil, cottonseed	12,192	90,369
Cake, cottonseed	635,595	691,104
Barley	—	37,776
Skins, tanned with vegetable substances ...	39,761	67,574
Eggs, in shell	27,388	49,653
Benzine	73,233	91,544
Bran and residue of grinding	80,313	88,523

The chief declines were registered in:—

Commodity.	1935. Value. £E.	1936. Value. £E.
Molasses	51,739	—
Onions	287,775	262,331
Cottonseed	1,986,778	1,967,170
Phosphate of lime, natural	14,646	3,459

"Compensation" and Barter.—The effects of the unofficial system of compensation-barter transactions with Germany operated

(a) by private business interests;

(b) by the Egyptian Government to maintain and encourage exports of produce; and

• (c) by the Crédit Agricole d'Egypte who require fertilisers in exchange for cotton, etc., are shown in the following comparative figures of Egypt's imports from Germany in 1934 (pre-barter period), 1935, and 1936:—

1934	1935.	1936.
£E.	£E.	£E.
2,147,000	2,874,000	3,511,000

In other words, refusal to pay cash for purchases from Egypt led to the paradoxical result of a much enhanced volume of sales to Egypt.

The fact that Egypt had no clearing agreement with Germany was the principal factor which led the Alexandria raw cotton exporters to accept the proposal of the German cotton spinning and weaving interests of Bremen to resort to a system of individual compensation-barter transactions in the hope, firstly, of liquidating the outstandings which stood at rather over half a million Egyptian pounds in September 1934, when the New Plan was introduced in Germany, and, secondly, of ensuring payment for fresh orders of raw cotton subsequent to that date.

Apart from the "compensation" business transacted in Egypt through the raw cotton exporters during the period under review, it is of interest to note the following official and semi-official barter transactions:—

on account of the Crédit Agricole d'Egypte and Royal Agricultural Society of Egypt. 15,000 tons of fertilisers in exchange for cotton and oranges.

on account of an Egyptian Government Department. £E.35,000 part of the purchase price of a bridge adjudicated to a German firm, to be charged on the onion mark account of the Egyptian Government in Berlin.

The Egyptian Government has also been approached with a view to the granting of a loan of £E.20,000 to an Egyptian company to finance the export of oranges to Germany.

It is anticipated, however, as a result of the order issued by the German Foreign Currency Controller, prohibiting all private barter transactions after the 25th February 1937, that the system of trading between Egypt and Germany which has been in force since 1935, will undergo a radical change. The 30th April 1937, has been fixed as the final date for paying off and selling up all pending barter transactions, and new business with Germany on this basis has now virtually ceased.

It is anticipated that a number of articles hitherto imported from Germany under the compensation system will henceforth be unable to meet competition from other countries.

It is now understood that some of the raw cotton business now being done with Germany is on a cash basis, whilst more is being fixed on six months' credit—payment in both cases in foreign exchange, not marks.

Commercial Agreements. (a) *Great Britain and Irish Free State.*—The provisional commercial conventions between Egypt and Great Britain and Northern Ireland, and between Egypt and the Irish Free State, granting reciprocal most-favoured-nation treatment, which were concluded by notes exchanged in June 1930, and have since been renewed annually, were further renewed for a period of one year to expire on the 16th February 1938.

(b) *Cyprus.*—A trade delegation from Cyprus visited Egypt from the 22nd March to 1st April 1936, to discuss with the Egyptian Government the possibilities of increasing trade between the two countries. Since the mission was merely of an exploratory character and *ad referendum*, no agreement was signed at the time, but the desiderata of both governments were discussed and negotiations have since been continued which have resulted in the reciprocal concession of certain advantages which should tend to increase trade between the two countries.

(c) *Palestine.*—A decree of the 29th September 1936, gave effect to the provisional trade agreement concluded on 18th August 1936, between Egypt and Palestine following the visit of a Palestinian mission in March 1935.

Under the terms of this agreement reduced customs duties are leviable on Palestinian olive oil soap, water melons, oranges, and grape fruit imported into Egypt, and on Egyptian melons, water melons, and sugar imported into Palestine, while provision is made (a) for a reduction of duties in Palestine on Egyptian vegetables during seasons when the supply of such vegetables is short in Palestine, and (b) for the removal of the present restrictions on the entry into Palestine of mango fruits, the produce of Egypt.

Reduced railway tariffs have also been fixed for household soap of Palestinian manufacture transported by the Egyptian State Railways, and for Egyptian tibben (chopped straw) transported by the Palestine Railways.

The Ministry of Commerce and Industry in Egypt and the Department of Customs, Excise, and Trade in Palestine will each appoint an official to ascertain the goods produced or manufactured in either country on which it would be possible to reduce tariffs to the lowest extent, to the mutual advantage of both countries.

(d) *Rumania.*—As a result of difficulties experienced by Egyptian exporters in obtaining payment for goods exported to Rumania, the Egyptian Government denounced its commercial treaty with that country on the 18th August 1935. Consequently all goods imported from Rumania as from that date became subject to the payment of double the ordinary

Customs duty. Doubtless in view of the serious repercussion of this action on Rumanian trade with Egypt, the Rumanian Government took early steps with a view to settling outstanding accounts. In recognition thereof the Egyptian Government granted a temporary extension of the old agreement until the 30th September 1935. Following a slackening off and subsequent cessation, however, of the Rumanian effort, the double duty was reimposed as from the 1st October 1935.

In the same month a delegation arrived from Rumania to negotiate a settlement, and a temporary agreement was reached to last for one year, and to be renewable for periods of one year thereafter. Following the conclusion of this temporary agreement, the 100 per cent. surtax on Rumanian goods entering Egypt was raised as from the 18th November 1935.

Meanwhile, negotiations were continued with a view to concluding a final agreement, and a settlement was eventually reached with the signature of a provisional commercial agreement on the 16th January 1936, based on most-favoured-nation treatment. This agreement expired on the 31st October 1936, but was renewed by tacit consent for a further period of one year.

Egyptian Economic Mission to the United Kingdom.—An outstanding event in the economic relations between the United Kingdom and Egypt was the visit of a mission of economic enquiry to the United Kingdom under the chairmanship of His Excellency Dr. Hafez Afifi Pasha (now Egyptian Ambassador to the Court of St. James). The mission arrived in London on the 4th April 1935 with a view, under their terms of reference, to enquire "into the position of the interchange of trade between Egypt and Great Britain, to consider means conducive to the increased consumption of Egyptian products in British markets, and to receive such statements and suggestions as may be made to them with a view to stimulate the demand for British goods in Egyptian markets."

On its return to Egypt on the 16th May 1935, the Mission submitted a full report to the Prime Minister on the work accomplished during their visit; this report was afterwards published by the Egyptian Government Press, Cairo.

Commercial Missions. (a) *Egyptian Trade Missions to the Sudan.*—A party representing the "Comité Permanent du Sudan, pour le développement des rapports économiques", formed under the aegis of the Royal Agricultural Society of Egypt as a result of the delegation which visited the Sudan early in 1935, left Cairo in mid-January for a visit to Khartoum and the Northern Sudan, and returned early in February.

(b) *French Economic Mission*.—A French economic mission, consisting of seventeen members, visited Egypt in February 1937, with the object of making a general survey of France's commercial position in the country. The mission left for Palestine after a stay of one week.

(c) *Japanese Economic Mission*.—On the 15th July 1935, the Egyptian Government notified the Japanese Government that from the 18th October (subsequently extended to the 18th November) the Egyptian Government would denounce the Egypto-Japanese commercial treaty. During the intervening period Japanese imports of cotton piece goods were placed under a quota restriction to prevent over-stocking. In less than two months, however, the quota for three months was exhausted. Decree No. 108 of the 19th September 1935, was consequently issued, establishing a 40 per cent. surtax on goods emanating from countries with depreciated currencies, and on the same date this measure was applied by a further decree to certain classes of Japanese rayon and cotton textiles, clothing, and ingerie. The denunciation of the treaty duly took place on the 18th October 1935, but was not enforced until the 18th November 1935, when a ministerial order was published which decreed that from that date until further notice imports from Japan would be exempted from payment of the 100 per cent. surtax laid down in Article 2 of Law No. 2 of 1930. This surtax would otherwise have become applicable automatically on the termination of the commercial treaty.

Meanwhile, a Japanese Trade Delegation, presided over by Dr. Akio Kasama, Japanese Minister to Portugal, arrived in Egypt early in October 1935, to discuss trade relations between Egypt and Japan and to initiate negotiations for the conclusion of a new commercial treaty to replace the treaty which was denounced by the Egyptian Government on the 18th November 1935.

Negotiations between the Japanese Mission and the various Egyptian Government Departments were started on the 2nd October and continued for nearly seven months when negotiations finally broke down through failure to discover a basis of agreement acceptable to both parties.

Exports.

Cotton.—Raw cotton continues to bear a very high ratio (78 per cent. in 1936) to total exports, despite the efforts of successive Governments to reduce this ratio by developing other exports. Following the record season of 1934 Egypt enjoyed two further good seasons in 1935 and 1936, the quantities exported and values being as follows:—

				1935.	1936.
Cantars	...	...	...	8,576,688	7,797,702
Value £E	...	...	...	26,502,065	25,019,561

The 1936 crop yield is expected to constitute a record for cotton production in Egypt, exceeding that put up in 1933, and will doubtless produce export figures for 1937 which will outstrip those of 1934.

Cotton exports in the first four months of the 1935-6 cotton year (the last four months of the calendar year 1935) were abnormally high owing to heavy purchasing under the influence of war scare.

Appendix No. XXIII gives details of the quantities and varieties of cotton exported during 1935 and 1936. The United Kingdom maintained her role as Egypt's chief customer and increased her takings in 1936 from 2,611,431 to 2,813,520 cantars. Although France's offtake fell from 1,147,211 cantars in 1935 to 992,347 in 1936, she still retained second position. Germany slightly reduced her purchases in 1936 to 622,502 cantars from 823,256 cantars in 1935. On the other hand Japan's offtake increased from 512,527 cantars in 1935 to 734,176 cantars last year, bringing this country into third place. Italy's purchases in 1936—251,719 cantars—were much below those of 1935, which amounted to 625,581, the shortfall being possibly due to financial stringency occasioned by the recent war in Abyssinia. Appendices Nos. XXI and XXII show Egypt's principal customers for raw cotton, and also give details of quantities and values.

Cottonseed, cottonseed oil, and cottonseed cake.—Although exports of the first two commodities registered slight declines in 1936 as compared with 1935, whilst a small improvement occurred in cottonseed cake exports in 1936 (as shown in the subjoined table), both these years show handsome increases in all three commodities over 1933 and 1934.

(ooo's omitted).

Commodity.	1935. Value.	1936. Value.	Increase (+) Decrease (-) in 1936.
Cottonseed	£E. 2,018,978	£E. 2,003,263	— 15,715
... oil ...	367,203	315,098	— 52,105
... cake ...	754,154	775,339	+ 21,185
Total	3,140,335	3,093,700	— 46,635

The United Kingdom continued to purchase practically all the cottonseed, her share in 1936 being £E.1,967,000 and £E.1,987,000 in 1935.

The U.S.A. was Egypt's best customer for cottonseed oil, whilst the United Kingdom's share in 1936 (£E.90,000) was much larger than in 1935 (£E.12,000).

Exports of cottonseed cake to the United Kingdom in 1936 (£E.691,000) increased by £E.55,500 over those of 1935 (£E.636,000).

Eggs.—Exports of shell eggs improved from £E.117,000 (58 millions) in 1936, to £E.149,000 (76 millions) in 1937, practically the whole of the latter amount representing purchases by the United Kingdom, Malta, Gibraltar, and Palestine.

Onions.—Exports improved from £E.605,000 in 1934 to £E.701,000 in 1935 (with increased offtakes by the United Kingdom and Germany), but declined in 1936 to £E.590,000, the shares of the three principal customers—the United Kingdom, Germany and Italy—all falling in sympathy, particularly that of Italy, whose purchases fell from £E.108,000 in 1935 to £E.10,000 in 1936, due, presumably, to financial stringency arising from the Abyssinian campaign. True to form, the United Kingdom is Egypt's principal customer for the exportable surplus of her onion crop. During the ten years 1927 to 1936 the United Kingdom has taken 36 per cent. of Egypt's exports of onions.

The arrangement set up in 1935 whereby the Egyptian Government allocated an amount not exceeding £E.140,000 to finance the export of onions to Germany in that year, was renewed in 1936, and again in 1937. This arrangement meant the assumption from individual Egyptian shippers of onions by the Government of the anxieties of an unpaid creditor with doubtful prospects of early settlement, and the equally unwelcome acquisition of a blocked Mark account in Berlin. The approximate position in May 1937 of the Egyptian Government's commitments in the onion export business can be summarised as follows:—

Year.	Amount guaranteed by the Egyptian Government.		Balance in blocked Mark account as at 31st May, 1937.
	Maximum.	Actual.	
1935	£E. 140,000	£E. 137,023 Liquidated.
1936	140,000	20,000* (See below).
1937	140,000	not determined.

* It is anticipated that the balance of £E.20,000 remaining in the blocked Mark account will be liquidated during the next three months.

The arrangement for 1937 is to be operated on different lines as follows:—

The Dresdner Bank, Berlin, has been authorised to open a credit in foreign exchange equivalent to 450,000 marks to pay for onions arriving in Germany from Egypt. Upon exhaustion of this sum the Dresdner Bank is authorised to open further monthly credits not exceeding a total equivalent to 150,000 marks. The Cairo branch of the Dresdner Bank will pay exporters of onions under guarantee of the Egyptian Government and will debit the Dresdner Bank, Berlin. The parent institution, in turn, will collect from the German importers, and will concurrently authorise the export of foreign exchange out of the 450,000 mark account.

Phosphate of Lime and Manganese.—Exports of phosphate of lime increased from 466,000 tons (£E.438,000) in 1935 to 544,000 tons (£E.442,000) in 1936, an increase of 78,000 tons, but this rise was accompanied by lower prices. The principal customer was Japan, with Italy and Ceylon well behind in second and third places respectively.

Exports of metallic ores, mainly manganese, rose from 76,000 tons (£E.59,000) in 1935 to 140,000 tons in 1936; the value of this trade increased greatly from £E.59,500 to £E.105,000.

Rice.—The cultivation and export of rice have been encouraged in recent years by the Egyptian Government in their endeavour to broaden the base of the country's economic structure, and the results of this policy have become increasingly evident in the notable growth in the exports which rose steadily from 31,000 tons in 1931, valued at £E.350,000, to 139,000 tons, valued at £E.1,180,000, in 1936. It is to be noted that the production of rice greatly exceeds the above export figures since the country consumes a large amount, only exporting her unneeded surplus. Production is referred to in Chapter VI.

An increasing demand would appear to exist for Egyptian rice which is doubtless due in part at least to the fact that attention has been paid to complaints made by consumers. In view of the increase of Nile storage capacity resulting from the second heightening of the Aswan dam and the recently terminated Gebel Awlia dam, the possibilities of further expansion in the production of rice are great.

Greece, Syria, Palestine, and Rumania are the constant and nearby customers for Egyptian rice. Other buyers of Egyptian rice in 1935 or 1936 were Belgium, the Netherlands, Germany, France, Yugoslavia, Italy and the United Kingdom.

With the yearly increase in the export of rice from Egypt, the rice-milling industry has progressed also. Most of the mills are situated in Alexandria, Rosetta, Damietta, Mansourah,

Dekerness, Mehalla-el-Kobra, and Rod-el-Farag (Cairo), and a number of these factories are properly equipped with modern machinery.

Other articles.—Other exports which registered increases in 1936 included bran, flax, common salt, hides and skins, raw wool, and barley, whilst the most important declines included sugarcane, cigarettes, oils (diesel, fuel, etc.), asphalt, etc., molasses, and raw flax.

Imports.

Agricultural Machinery.—A large proportion of the agricultural machinery exhibited at the fifteenth Agricultural and Industrial Exhibition which opened in Cairo on the 15th February 1936, was of foreign manufacture, and this is also the case in the permanent Agricultural and Industrial Museum, Cairo, where are displayed various ploughs ranging from one to five blades, harrows, disc harrows, tractors, caterpillar tractors, threshing machines, grain selecting machines, root cutters, chaff cutters, pumps, oil engines, diesel engines, grain separators, etc.

It is of the first importance that United Kingdom manufacturers interested in this market should send qualified experts to study on the spot the special conditions prevailing in this country, and to take advantage whenever possible of facilities offered to exhibit and demonstrate their products, particularly as many Egyptian farmers are illiterate and cannot appreciate the full value of any particular implement from catalogues and specifications.

It is pleasing to record that, with the more prosperous times now obtaining, farmers are purchasing more agricultural machinery, and the time is, therefore, ripe for United Kingdom manufacturers to redouble their efforts to obtain a larger share of this market for their products. In this trade, as in others, the Department of Overseas Trade is in a position to offer United Kingdom manufacturers all possible assistance regarding the appointment of agents and the manner in which they may introduce their products, or strengthen their position, on this market.

The value of imports of agricultural machinery, tractors, pumps, and stationary internal combustion engines is given in the following table:—

		1935.	1936.
1. Pumps (stationary, steam or internal combustion)	...	41,000	52,000
2. Tractors	...	61,000	81,000
3. Agricultural machinery	...	30,000	37,000
Total	...	132,000	170,000

The United Kingdom was the leading supplier of pumps with £E.20,000, an increase of £E.1,000 on 1935. The nearest competitors were Switzerland with £E.15,000 (£E.11,000 in 1935) and Germany with £E.9,000 (£E.5,000 in 1935), whose ratio of increase was noticeably greater than that of the United Kingdom.

Tractors continued to be the particular domain of the U.S.A. with £E.38,000 (£E.26,000 in 1935) and Germany with £E.29,000 (£E.24,000 in 1935). The United Kingdom took third place with £E.13,000 as against £E.7,000 in 1935, a not unpromising effort if the ratio of advance can be maintained. In general agricultural machinery and apparatus the United Kingdom also led with £E.16,000 (£E.13,000 in 1935), followed by Germany £E.9,000; a rise of £E.2,000) and the U.S.A. £E.6,000; no rise).

Air Conditioning Plant.—The use in Egypt of air-conditioning plant has not yet been generally adopted, a position doubtless due to the high cost of installing the necessary apparatus and the absence of any definite regulations compelling proprietors of factories and public places of amusement, etc., to provide pre-determined air conditions on their premises.

Cinema halls and other places of amusement are either fitted with ordinary electric fans or else have sliding half-roofs, while in the summer practically all cinematograph performances are held in the open.

Nevertheless, a certain number of works of this description were undertaken during 1935 and 1936. These including the air-conditioning and ventilation with air-filtering of a broadcasting studio, a telephone exchange, a masonic hall, an Egyptian Government hospital, a cigarette factory, and the Egyptian Parliament Session Halls.

Belting.—Available statistics show that imports into Egypt of machinery belting of leather, hair and textiles which amounted to £E.47,000 in 1935 dropped to £E.38,000 in 1936.

The principal supplying countries are, in order of importance, the United Kingdom, Germany, and France. Practically the whole of the decrease which amounted to £E.9,000 is accounted for in lowered imports from the United Kingdom.

It is generally contended that this fall in the imports of belting is due partly to stocks available in the country through heavy buying in 1935, and partly to reduced purchases in the United Kingdom owing to higher prices for these products. Perhaps, too, the use of locally manufactured leather and rubber belting which is becoming more extended, had an influence on the situation. There can in any case be little doubt that this industry, though yet in its infancy, will, as the quality and grades improve, in due course become a serious factor to be reckoned with by United Kingdom and continental exporters.

Carpets and Rugs.—There has been a decline in the total imports into Egypt of carpets and rugs of all kinds which were valued at £E.133,186 in 1934, £E.126,596 in 1935, and £E.109,927 in 1936. This downward tendency is attributed to various factors including: the general disinclination of the public

to purchase carpets, which may be due to the recent economic depression and the unsettled political state in Europe; the increase in the duty on carpets and rugs made of cotton and vegetable fibres; local production of woollen carpets; and the large number of carpets thrown on to the market during 1930 to 1933 owing to local bankruptcies, etc.

Hand-made woollen carpets and rugs, in respect of which there has been no recent increase in the duty, are imported mainly from Iran, and to a lesser extent from Turkey, Greece, and China, while small quantities of Persian and Chinese rugs reach Egypt via London. The trade in this line has, however, been adversely affected by the dearth of tourists in 1934 and 1935 and by the currency restrictions of certain countries in Europe.

Machine-made carpets and rugs are imported from the United Kingdom and Belgium for local consumption. The local carpet industry, which is still in its infancy but progressing rapidly, is confined mainly to the production of woollen carpets, rugs, and kilims made of undyed, natural brown, white, and black wool, and has contributed to a slight decrease in the imports of thick pile woollen carpets originating principally from Turkey and Greece. The imports of woollen carpets during 1934, 1935 and 1936 were valued at £E.98,535, £E.87,668 and £E.79,567, respectively.

The import duty on cotton carpets and rugs was increased in April, 1936, when it was changed from an *ad valorem* basis to a specific duty, with the result that the products now imported into Egypt, which are mainly from Belgium and Italy, are of a lighter pile. The trade in this line is for cheap articles made of Indian and American cotton, and imports during the three years under reference remained constant at about £E.22,500 per annum.

Carpets and rugs made of vegetable fibres, on which the duty was raised in June 1932, are imported from Italy and India, and were valued at £E.12,166 in 1934, £E.16,121 in 1935, and £E.7,690 in 1936.

Cement.—As reported in Chapter V the local cement industry is steadily eliminating the import trade in cement. Imports in 1936 fell to the low level of 35,000 tons, the greater part of which was represented by special, e.g., coloured cements.

Chemical and Pharmaceutical Products.—There was a steady increase in the imports into Egypt during 1935 and 1936 of chemicals and pharmaceutical products which amounted to £E.736,831 and £E.748,347 respectively, as compared with £E.637,548 in 1934, but it is not unlikely that some of the products included under this heading were imported for other than medicinal purposes.

Medicines, medicinal preparations, and pharmaceutical products accounted for £E.330,817 in 1935 and £E.356,138 in 1936, of which France's share amounted to £E.124,031 and £E.125,810 respectively, followed by Germany with £E.75,424 in 1935 and £E.84,886 in 1936. The United Kingdom's share of the trade was £E.69,535 and £E.76,771 in 1935 and 1936, respectively, while Italy's share of the trade declined from £E.17,565 in 1935 to £E.7,093 in 1936. On the other hand, imports from the U.S.A. increased from £E.17,208 in 1935 to £E.21,327, due principally to heavy purchases of quinine by the Egyptian Government.

The bulk of the trade in serums and vaccines is confined to the requirements of the Egyptian Government. The United Kingdom's share of the imports rose from £E.7,377 in 1935 to £E.14,362 in 1936 due to Egyptian Government purchases of anti-scorpion serum. Germany's trade decreased from £E.14,296 in 1935 to £E.7,865 in 1936. The total imports in this category were £E.29,318 in 1935 and £E.28,836 in 1936.

At present only cholera, diphtheria, and typhoid vaccines are being made in Egypt, but it is reported that the Ministry of Public Health is at present studying the possibility of manufacturing all other serums and vaccines needed in the country, a policy which would eventually render Egypt independent of foreign supplies.

Imports of chemical products, non-specified during 1935 and 1936 were valued at £E.61,275 and £E.75,383, respectively. In 1935 Germany exported to Egypt goods valued at £E.19,534, followed by the United Kingdom with £E.17,712. In 1936 the imports from the United Kingdom rose to £E.25,562 while those from Germany remained fairly constant at £E.19,766. During the two years under review imports of chemical products from the U.S.A. averaged about £E.8,300.

France's imports during 1935 and 1936 of (a) medicines, medicinal preparations, etc., (b) serums and vaccines, and (c) chemical products averaged £E.138,000 followed by Germany with an average of £E.111,000 and the United Kingdom with an average of £E.106,000.

Although there was a general improvement in the local market for chemical and pharmaceutical products which was marked by a more or less steady increase during the years 1934, 1935, and 1936, there were no radical changes in the direction of trade of any particular importance.

It would not be out of place here to mention what are commonly believed to be the chief reasons why the United Kingdom's share of the trade in chemicals and pharmaceutical products lags behind that of her chief competitors, namely France and Germany. In the first place France was the first country to specialise in pharmaceutical specialities and, as a large number of doctors practising in Egypt studied in that country and are consequently familiar with the French pharmacopoeia, it is not

unnatural that they should show preference for French medicines and specialities. Secondly, Continental manufacturers are more liberal with their issues of samples and advertising matter. But perhaps the main reason is due to the fact that in certain cases United Kingdom manufacturers are without a proper system of propaganda. It is, needless to say, essential for local organisations to be in constant touch with doctors and hospitals in Egypt, and were United Kingdom manufacturers to follow the lead set by their competitors and organise one or more powerful selling organisations (instead of confining their interests to a number of local agents who cannot reasonably be expected fully to canvass the local markets in Cairo, Alexandria, and the provinces) they would then, it is believed, be able to keep overhead expenses down to a minimum and advantageously employ a large medical propaganda staff.

Cinematographic Films.—It was gratifying to observe from official statistics that the imports into Egypt of United Kingdom films marked a steady if slow increase during 1935 and 1936, due mostly to the production of films of international appeal. It is anticipated that the local market will in time be in a position to absorb a still higher percentage if United Kingdom producers increase their output of this category of film. Particulars in respect of the imports and re-exports of films during 1935 and 1936 are as follows:—

	1933.		1934.		1935.		1936.	
	£E.	Kilos.	£E.	Kilos.	£E.	Kilos.	£E.	Kilos.
<i>ns, cinema, developed, positive—</i>								
United Kingdom...	4,868	1,000	613	110				
France	17,405	3,136	378	66				
Germany	1,529	309	129	31				
Italy	1,229	219	13	4				
U.S.A.	14,521	2,715	243	65				
Other countries ...	36,649	6,712	1,187	202				
Total ...	76,201	14,091	2,563	478	1,358	234	1,643	280
<i>ns, cinema, talking—</i>								
United Kingdom					4,939	872	5,129	895
France ...					16,930	3,010	15,185	2,672
Italy ...					993	176	—	—
Iraq, Syria, and Palestine								
U.S.A. ...					35,409	6,226	30,318	5,268
Other countries					15,490	2,731	18,374	3,265
Total... ...	22,235	3,933	104,483	18,753	90,672	15,958	77,857	13,608
Grand Total ...	98,436	18,024	107,046	19,231	92,030	16,192	79,500	13,888
Reduced re-exports...	48,479	8,755	70,369	12,310	60,574	10,581	49,739	10,339
Effective Total ...	49,957	9,269	36,677	6,921	31,456	5,611	29,761	3,549

These statistics unfortunately possess little real value as films have been classified not by country of manufacture but by country of last provenance. Thus, in the figures for 1935 and 1936, Iraq, Palestine, and Syria figure as notable exporters of films.

Actually the value of the total effective imports in 1935 and 1936 decreased by some £E.5,000 and £E.7,000 respectively, as compared with 1934, yet it is contended in the trade that the market is healthier as, following the increase in March 1935, of the import duty on films, etc., from £E.1 to £E.5, subsequently adjusted downwards to £E.2/500 m'ms per kilo nett, less speculation has taken place among some of the local distributors who had previously imported films of first and second class production with the double object of both screening them in Egypt and then exporting them to neighbouring countries. The high duty has now apparently put a stop to this practice which had been the cause of acute local competition.

Locally produced Egyptian films, a new industry this, have such a restricted market that the pictures are necessarily of a secondary class. They are, however, extremely popular with the numerous Arabic-speaking public and have been known to run for as long as two months, in comparison with which first class imported European or American films are rarely shown for more than one week at a time.

Clocks.—The importance of the market in Egypt for clocks can be estimated by taking into consideration the value of the imports during 1934, 1935, and 1936, which amounted to £E.22,262, £E.16,987, and £E.16,555 respectively. The unusually high figure of the imports in 1934 was due to an abnormal amount of £E.6,000 in respect of town clocks purchased by the Egyptian Government. Without this non-recurrent feature, the value of the imports in that period would have stood at approximately £E.16,500 per annum, an increase of £E.3,500 per annum as compared with 1932 and 1933 which has since been maintained.

There has been a tendency recently to import more clocks from the United Kingdom and France and less from Germany, owing possibly to a reduction in wholesale prices in the former countries.

Statistics of the import of clocks of all kinds are appended.

There is no local production of clocks but the demand for clock movements (to be fitted into locally made cases) and for self-contained dry battery clocks is increasing.

The average selling prices of the various kinds of clocks sold locally are as follows:—

Alarum clocks from 4s. to 8s. each.	Strikes from 30s. to 45s. each. Chimes from 40s. to 70s. each.
Timepieces from 10s. to 25s. each.	

The local demand for self-contained dry battery clocks imported mainly from Switzerland, though small, is increasing.

Clocks, various.

Tariff Item 846, etc.

	1934. £E.	1935. £E.	1936. £E.
Clocks, for buildings	817	67	26
Clocks, not for buildings	9,460	10,420	10,093
Clocks, alarm	5,717	5,853	6,014
Ships' chronometers and regulators ...	124	78	72
Clockwork, for clocks, toys, meters, etc.	*5,822	394	268
Parts and fittings for clocks ...	322	175	82
 Total	 22,262	 16,987	 16,555

* Attributed to Government purchases of town clocks.

Coal, Anthracite, Coke, and Briquettes.—The United Kingdom trade registered an improvement in 1935 but her exports to Egypt in 1936 were even less than in 1934. The total imports into Egypt of coal and anthracite during the three years 1934, 1935 and 1936 amounted respectively to 1,243,000, 1,596,000 and 1,108,000 tons, of which the United Kingdom supplied 1,013,000 tons in 1934, 1,265,000 in 1935 and 832,000 in 1936. Amongst other suppliers were Germany and the U.S.S.R.; Germany's trade showed a steady and substantial increase but the reverse was the case in respect of the imports from the U.S.S.R. Imports from Poland increased from 31,055 tons in 1934 to 50,000 tons in 1936.

The high figures of the total tonnage imported during 1935 (which exceeded the imports of 1936 by 488,000 tons) can no doubt be attributed to rumours of international complications which induced consumers and importers to buy heavily, with the result that stocks at the end of 1935 were far in excess of those during the corresponding period of the following year.

Germany's increase in her exports of coal to Egypt can be attributed to compensation-barter transactions and low prices. Her exports of briquettes increased from 34,000 tons in 1934 to 45,000 tons in 1936, while imports from the United Kingdom of this latter commodity have dropped out almost completely owing to prohibitive prices.

The decline in the imports of north country coal, which dropped from 183,000 tons in 1934, to 171,000 in 1935, and 130,000 in 1936, is attributed in part to increased imports of coal from Poland and Germany.

For many years past the Egyptian State Railways, by far the most important individual consumer of coal in Egypt, have

regularly taken their coal requirements from the United Kingdom. Their total purchases during the last five years have been as follows:—

					Tons.	£E.
1932	...	...	...	...	140,000	145,000
1933	...	...	...	...	318,000	385,000
1934	...	...	...	...	632,000	746,000
1935	...	...	...	...	569,000	665,000
1936	...	...	...	...	489,000	602,000

A study of the trade statistics for the 18 years 1919-36 shows that during the first five years of that period Egypt's imports of coal, coke and briquettes were under the million ton mark and in some years well under. Imports since 1924 have generally been in excess of a million tons and during the past three years have averaged 1,300,000 tons at an average value of £E.1,400,000.

Confectionery and Chocolates.—During 1935 and 1936 the imports into Egypt of confectionery amounted to £E.21,852 and £E.20,060, respectively, representing a slight increase over previous years. Unfortunately, however, the high Customs duty imposed by the Egyptian Government in order to protect and encourage the development of local industries has had a paralysing effect on the importation of United Kingdom toffee and similar sweets which was considerable some years ago, but has now dwindled to a negligible figure. It is, in fact, to be anticipated that as long as the present high duties remain in force, imports from the United Kingdom will continue to decrease.

On the other hand, it is satisfactory to record that the sale in Egypt of United Kingdom chocolate has improved notwithstanding severe competition from Belgium and Holland and a high tariff on confectionery which has gradually been increased from 8 per cent. to 30 per cent. *ad valorem* with a minimum of 20 milliemes per kilo nett including the immediate packing.

Imports of chocolate during 1935 and 1936 amounted to £E.46,859 and £E.59,822 respectively, while the United Kingdom's share of the trade amounted to 57 per cent. and 68 per cent.

Cotton Piece Goods.—In reviewing the cotton piece goods trade of Egypt for the years 1935 and 1936, three distinct phases stand out clearly: the first may be called the Japanese era, the second the United Kingdom era, and the third the local production era.

From a study of Appendices Nos. VII and VIII which furnish full particulars of the imports into Egypt of cotton piece goods during 1935 and 1936, it will be apparent that during the first or Japanese era enormous quantities of cotton piece goods

of inferior quality were imported from Japan at prices which were so low that goods of European manufacture and of local production were, figuratively speaking, swept off the market. Yet dealers in Japanese goods made but insignificant profits.

The total imports during 1935 of cotton piece goods amounted to 193 million square metres of which 142 millions were imported from Japan. The United Kingdom share amounted to only 30 million, followed by Italy with 16 million square metres.

In September, 1935, the Egyptian Government imposed a depreciated currency surtax of 40 per cent. *ad valorem* on Japanese goods in order to protect the growing local industry. This measure helped to stem the influx of Japanese cotton piece goods to a considerable extent but it was not until December, 1935, that the full force of this measure was felt in Egypt. By this time the large stocks of Japanese goods dumped into Egypt had been practically cleared and goods ordered earlier from the United Kingdom and the Continent, more especially from Italy, began to reappear on the local market. It must of course not be deduced that during the Japanese era no other cotton piece goods were imported into Egypt, as the better quality article continued to be imported.

A noteworthy advance in the cotton piece goods trade was made by Hungary whose exports to Egypt in 1935 amounted to about £E.14,000 and steadily increased during 1936 to £E.153,000.

The United Kingdom era may be considered to have started when following on the imposition in September, 1935, of the 40 per cent. depreciated currency surtax mentioned above, sanctions were imposed against Italy in December, 1935, but on this occasion too, owing to large stocks on the local market, it was not until February or March, 1936, that imports from Italy were liquidated and cotton piece goods from the United Kingdom and to a lesser extent from Czechoslovakia as well as cotton piece goods of local manufacture, began to circulate fully on the local market.

By October, 1936, the local production of cotton piece goods had improved very considerably. Prices were standardised and became lucrative, and the local industry commenced seriously to affect imports from both the United Kingdom and the Continent. Thus the last quarter of 1936 may be termed the Egyptian era. Local industries have now practically acquired a monopoly in heavy greys, formerly supplied by Japan, and hand-loom weavers have registered better sales for their drills, etc., following the decline of Japanese competition.

With the exception of the higher class articles the consumption in Egypt of cotton piece goods will, no doubt, eventually

be met wholly by local production. Imports of cotton piece goods during 1936 amounted to 170 million square metres, a decline of 23 millions compared with 1935, whilst local production rose to 54.5 million square metres, a rise of 20 millions on 1935.

Early in 1936, prices for United Kingdom cotton piece goods began to rise. Prices in Japan had also risen from 30 per cent. to 40 per cent. by the end of the year, whilst prices in Italy were kept at a lower level though difficulties were experienced in obtaining reasonable deliveries. Prices of local products remained comparatively steady throughout the year.

Encashments are reported to have been difficult throughout the year, but it is satisfactory to record that there were fewer bankruptcies, due in part to the shorter credit terms generally given.

The year ended with comparatively small stocks in wholesale warehouses and fewer contracts than usual.

Cotton Thread.—Cotton thread is manufactured by the Banque Misr mills at Mehalla el Kobra, but the local industry, which is confined at present mainly to low and medium qualities, has not yet apparently had any seriously adverse effect on the import trade, particularly in respect of the high qualities.

During the period 1929 to 1935 imports by quantities remained fairly steady but prices decreased.

Owing to the unsettled state of the economic situation in the Mediterranean large purchases were made in September and October, 1935, with the result that the total value of imports during 1936 amounted to only £E.107,128 as compared with £E.219,180 during the previous year, but it is anticipated that in 1937 imports of cotton thread will be more normal and fall between these two figures.

From the statistics of the imports during 1935 and 1936 shown in Appendix X, it will be observed that most of the cotton thread imported into Egypt is from the United Kingdom (for sewing thread) and Belgium and Italy (for basting thread), while imports from France are mainly of fancy coloured thread such as embroidery thread and coton perlé, etc. After the imposition of sanctions against Italy in December, 1935, her exports to Egypt declined from £E.38,698 in 1935 to £E.2,494 in 1936, with the result that Belgium's share of the trade (included in the Appendix with that of "other countries") in pure cotton thread, not on wooden reels, increased.

The decline in the imports of cotton thread from the U.S.S.R. from £E.25,003 in 1935 to £E.4,800 in 1936 is due to the

Egyptian Government having included cotton thread under the 100 per cent. surtax in respect of certain goods from that country.

Cotton Yarn.—(a) *Statistics.*—In Appendix XI statistics will be found showing the imports of cotton yarn, according to category, for the three years 1934 to 1936. It will be observed that those imports have steadily risen. This is due to increasing local manufacture of cotton cloth, for, although local production of cotton yarn has also increased, it still fails to meet the entire requirements of the growing Egyptian cotton textile industry.

(b) *Cotton yarn, single.*—The local industry is now able to supply most of the requirements of the country and only small quantities are imported from abroad. Nos. 4's, 6's, 8's, 10's, 14's, 16's, and 20's are in large demand for the manufacture of a native tissue called "Ghazliah". During 1936 the bulk of the imports of unbleached, single cotton yarn were from India; while glazed yarn, and particularly dyed yarn, were imported from the United Kingdom.

(c) *Cotton yarn, double.*—Local production does not meet the entire requirements of the local industries, and consequently double yarn has to be imported from abroad. Prior to and during the years under review unbleached and bleached yarns and dyed yarn were imported mainly from the United Kingdom, and to a lesser extent from Japan, while small quantities of dyed yarn were also imported from Italy and Belgium. Imports into Egypt of unbleached glazed yarn, which comprises Nos. 80/6 to 150/6 as well as mercerised and sateened yarn used in the manufacture of hosiery and in weaving, are mainly from the United Kingdom, where they are manufactured from Egyptian cotton, whilst small quantities are also imported from Italy and Belgium. Similarly, small quantities of black mercerised two-fold yarn made of low quality Indian cotton are imported from Japan.

(d) *Cable yarn (fishing twist yarn).*—Formerly this type of yarn (which is also manufactured locally in small quantities) was imported from the United Kingdom and Italy, whilst unbleached cable yarn which forms the bulk of the trade in this particular category now comes mainly from Japan and to a lesser extent from India. Fine qualities such as Nos. 60/2, 80/2, and 100/2, and mercerised and sateened yarn for the manufacture of hosiery and for weaving, as well as other types of cable yarn, are mainly imported from the United Kingdom. Japan was competing against Nos. 60/2 and 80/2 by supplying Nos. 64/2 and 84/2, but since September, 1935, when the 40 per cent. depreciated currency surtax was placed on the imports of cotton piece goods (including yarn) from Japan and China, her trade in all kinds of cotton goods decreased considerably.

Imports of cable yarn from Italy also dropped owing to sanctions, whilst those from France experienced a similar fate owing to high prices.

Electrical Apparatus and Machinery.—It is unfortunately not possible to arrive at an accurate estimate of the trade in electrical equipment (which, incidentally, covers a vast range of articles) owing to the official statistics relating to these imports into Egypt being lumped together. Particulars in respect of a few items shown in Appendix No. XV may serve, however, as an indication of the trend of the trade.

In a recent call for tenders by the Egyptian Government for two hydro-electric stations, one at Naga Hamadi and the other at Charaq, exceedingly low offers were received from Continental manufacturers. The development of uses for the power to be obtained from harnessing the flow of the waters of the Nile and its subsidiary channels will, no doubt, lead to the considerable extension in the near future of the use of electrical machinery. Apart from the two stations mentioned above there have been no recent enquiries for electric generating machinery of any particular importance.

The demand for industrial electric motors has increased thanks to the operation of the Northern Grid and the Isolated Basins Grid. There was an improvement in the sales of low-priced electric motors from the United Kingdom but competition from Continental manufacturers was, and is, very severe. On the question of the comparative prices of United Kingdom and other manufactures the complaint has been voiced that in judging the respective merits of quotations submitted by United Kingdom and foreign manufacturers of certain electrical equipment, e.g., electric cables, buyers in Egypt do not take sufficiently into account the high tests of capacity and length of service to which manufactures to British electrical standards are submitted.

Electrical Apparatus for Domestic use.—The predominant factor in Egypt which militates against the increased use of domestic electric appliances is undoubtedly the high cost of electric current. This debars a large number of householders from using electrically operated household equipment as freely as is done in other countries.

A reduction in the price of such articles as electric irons, heaters, fans, etc., has slightly stimulated the local market, but preference is still shown for the cheaper types of Continental and Japanese make in these lines, only a small percentage being imported from the United Kingdom.

Electric wires and cables are chiefly imported from Germany, Belgium, and the United Kingdom.

The tendency which has hitherto prevailed to use the old Continental type of installation is gradually being superseded by a growing readiness to employ British methods.

The value of imports of common electric lamp bulbs which amounted to £E.47,280 in 1935 dropped to £E.41,272 in 1936. This decrease is attributed to increased sales of bulbs manufactured by two local factories, the one at Ismailia and the other at Alexandria, their principal claim to popularity being their cheapness.

During the years 1935 and 1936 electric lamp bulbs were imported from foreign countries in the following order of importance:—the Netherlands, Hungary, Germany, the United Kingdom, and Japan.

Fertilisers.—Egypt being primarily an agricultural country there is a big demand for fertilisers and the consumption is steadily increasing. The total values imported into Egypt during 1935 amounted to £E.2,557,000 and increased to £E.2,657,000 in 1936.

The principal products imported during the last two years were natural nitrate of soda from Chile (158,000 tons in 1935 and 179,000 tons in 1936), nitrate of calcium from Norway and Germany (240,000 tons and 176,000 tons), superphosphate of lime (81,000 tons and 87,000 tons) from the Netherlands and Algeria, and also quantities of artificial nitrate of soda from the United States of America, nitrate and sulphonitrate of ammonia, nitro chalk and sulphate of ammonia. Owing largely to the increased cultivation of rice, there was a marked rise in the values of the imports of sulphonitrate of ammonia which rose from 5,000 tons (£E.35,000) in 1935 to 16,000 tons (£E.106,000) in 1936. Formerly this product was mainly imported from Germany and the United Kingdom, but in 1935-36 imports from these countries showed a marked decrease which is attributed to an increase in the imports of sulphonitrate of ammonia of Russian origin and also to private agreements between fertiliser manufacturers of other countries.

The consumption of superphosphate of lime is also increasing owing to the improved economic conditions in Egypt. Farmers are now applying this fertiliser to their cotton and wheat crops. A factory for the production of sulphuric acid and superphosphates was completed early in 1937 and production, estimated at 20,000 tons per annum, was to begin immediately.

Nitrate of ammonia ("Pet") from Hungary is a comparative newcomer to Egypt. Imports in 1933 amounted to about 100 tons and increased to 3,000 tons in 1934, 23,000 tons in 1935, and 20,000 tons in 1936. The sole selling rights for Egypt have been given to the Crédit Agricole d'Egypte, and in 1934 an agreement was made by the Egyptian Government to import

from Hungary 152,000 tons at an annual rate of 22,000 tons. Up to the present, only a very limited quantity has been sold and heavy stocks are said to lie in the country.

Since the conclusion of barter transactions in 1932 between the Egyptian Government and German bankers for the exchange of nitrate of lime for cotton, there have been similar operations with private exporters of cotton and onions.

Although prices on this market for the principal fertilisers increased slightly in 1936, they have, nevertheless, been extremely low during the last two years; in fact, there is hardly a market in the world where quotations are as low as those ruling in Egypt to-day.

Garages and Service Station Equipment.—With the increasing use of motor vehicles in Egypt, the necessity for up-to-date service stations has naturally grown also.

There are still, as there always will be, a number of small repair shops where a single mechanic, helped by a number of small boys, undertakes repairs of all kinds, but these shops are almost all devoid of any but the most primitive equipment, and, apart from the very few whose owners could afford to equip them properly, they would stand a poor chance of getting any return on such an expenditure.

Most of these repair shops are patronised by the owners of second-hand cars and by taxi-drivers. In many cases the workmen have not got the necessary knowledge for repairing new cars. Thus, the bulk of the important part of the work of repairing cars is falling more and more into the hands of the car agents, and it is to these people only that any sales of proper equipment could be made.

There are, mainly in Cairo and Alexandria, a large number of garages equipped with petrol pumps and capable of housing from 30 to 200 cars: they do not for the most part undertake repair work though some have pits and hoists and do small repair jobs. They all do washing and cleaning, but since the cost of labour in Egypt is low, all the work is done by hand, and none of the proprietors would consider installing expensive equipment.

Service stations run by the oil companies are on the increase: they exist exclusively for the sale of petrol and oil, and for the lubrication of cars. No repair work, even of tyres or brakes, is undertaken. They are, however, well equipped for lubrication, and their plant generally consists of a compressor, a hoist, a power greasing and a power kerosene-spraying unit, hand greasing guns and, in certain cases, a gear-flushing unit, etc.

In recent years all the leading car manufacturers or their agents have built and equipped service stations. Due, as already mentioned, to the low cost of labour, only the most essential

equipment has been installed, but a limited market might be found for salvage and breakdown units, and for such special equipment as plug testers, brake-testing units, etc.

At present it is very generally contended that agents of United Kingdom car manufacturers are behind their American and European competitors in servicing, but as they have only recently gone extensively into the field of repairs and service, they are the most likely ground for the sale of equipment, though it must be remembered that labour is cheap and time appears to be unlimited, and if any considerable quantity of equipment were to be sold, intensive personal canvassing would have to be undertaken.

In other large towns in Egypt, certain manufacturers have agents but no service stations. Garages and repair shops are poorly equipped, and as the amount of work to be done is limited, it will probably be some time before the need of up-to-date equipment becomes acute.

Hardware.—Accessories and ornamental fittings for furniture were in the past imported mainly from Germany, but of more recent date, and particularly since the introduction of chromium plated fittings, imports from the United Kingdom and France have increased.

Hinges of bright steel, plated, or japanned, are generally imported from Germany, Belgium, and Sweden. It is estimated that during the latter part of 1936 prices in respect of these articles increased by about 25 per cent.

Prices of wood screws, which have also increased by 15 to 20 per cent., are standardised. Imports are mainly from Belgium, Germany, and the United Kingdom. The same remarks also apply to screws for metal.

The bulk of the imports of ordinary locks and padlocks is from Germany and France, but latterly similar articles have been imported from Italy at greatly reduced prices and have found a ready sale on this market. The finer qualities of locks and padlocks continue to be imported from the United Kingdom.

Ordinary files are imported from Italy and Germany, and the finer qualities from the United Kingdom.

Formerly saws, pliers, pincers, etc., were imported into Egypt from France and Italy, but during 1936 Germany appears to have displaced both these countries in these particular lines. France, however, still holds first place in respect of drills, chucks, etc.

As a further indication of the trend of the trade in Egypt for hardware, the following statistics in respect of a few articles may be of interest. It will be observed that the United Kingdom's share of the trade is limited compared with that of Germany and Belgium.

Imports—Hardware.

		1935. Value.	1936. Value.
		£E.	£E.
Wire, copper or brass	...	11,608	20,688
Wire, iron and steel, common	...	33,830	25,154
Hoops, iron or steel:			
From United Kingdom	...	33,619	19,653
Belgium and Luxemburg	...	14,774	13,757
Germany	...	53,117	35,047
Total (all countries)	...	<u>110,434</u>	<u>69,554</u>
Stoves, fireplaces, heaters and ranges	...	34,929	33,240
Gauze, copper wire; gauze, iron wire, including galvanised or tinned	...	18,962	23,774
Joints and fittings for pipes of all kinds	...	10,207	10,871
Spades, mattocks, hoes, scythes, sickles, saws, files, tools, and tools for machine tools	...	58,162	61,064
Nails, common, tacks, rivets and nails of copper	...	12,068	9,970
Wire nails, rivets and hooks:			
From United Kingdom (part total)	...	5,554	5,592
Belgium and Luxemburg	...	15,603	15,214
Germany	...	16,342	22,902
Italy (part total)	...	12,219	1,574
Total (all countries)	...	<u>55,952</u>	<u>58,873</u>
Castors, springs for bedsteads and furniture, and screws, bolts, nuts and threaded rods (of copper)	...	8,960	10,482
Screws, bolts, eyebolts, nuts and cramps:			
From United Kingdom	...	13,008	11,554
Belgium and Luxemburg	...	22,365	36,430
France	...	5,455	4,685
Germany	...	12,815	18,546
Total (all countries)	...	<u>58,069</u>	<u>77,236</u>
Locks, bolt and padlocks, etc., copper or brass:			
From Germany (part total)	...	9,809	11,237
Total (all countries)	...	<u>19,402</u>	<u>18,648</u>
Locks and padlocks of iron and steel:			
From Germany	...	6,531	10,232
Italy	...	7,688	2,197
Total (all countries)	...	<u>16,537</u>	<u>15,935</u>

		1935. Value. £E.	1936. Value. £E.
Wares, copper, for building, furniture, or household:			
From United Kingdom (part total)	...	11,077	8,045
Germany (part total)	...	14,387	21,218
Total (all countries)	...	39,749	40,211
Wares, nickel, or coated with nickel, simply worked, not specified	...	26,704	32,313
Articles, iron, for furniture, doors and casements:			
From Belgium and Luxemburg	...	7,530	7,438
Germany	...	20,464	20,183
Total (all countries)	...	34,013	31,721
Netting, iron or steel wire	...	9,872	9,120

Hosiery.—(a) *General.*—The value of hosiery imported into Egypt during the three years 1934, 1935, and 1936, amounted to £E.448,000, £E.420,000, and £E.378,000 respectively.

This steady decline in hosiery imports during the past three years is attributable to the growth of local industry and is a feature which will remain if not increase in intensity.

(b) *Hosiery of pure silk and of rayon.*—In May, 1936, the tariff on pure silk and on rayon hosiery was considerably increased, and the cheaper quality articles were taxed the more heavily with the object, presumably, not only of giving an impetus to existing local industry but also of encouraging the establishment of new factories. The results of this measure proved successful as the imports of pure artificial silk hosiery declined almost immediately with the exception of the very cheap low qualities imported from the Continent. On the other hand, and probably owing to the improvement in the economic conditions of the country, an increase in the value of the imports of pure silk socks and stockings was registered in 1936. The total quantity imported in that year amounted to £E.24,000, an increase of £E.3,000 over 1935. The imports of rayon socks and stockings fell from £E.18,000 in 1935 to £E.13,000 in 1936. The total imports of all kinds of hosiery of natural silk and of artificial silk, including articles and fabrics mixed with other materials, amounted to £E.98,000 and £E.99,000 in 1935 and 1936 respectively.

(c) *Hosiery of wool, pure and mixed.*—The share of United Kingdom trade in wool socks and stockings, pure or mixed amounted to £E.41,000 in 1936 out of a total of £E.97,000, an increase of £E.12,000 over 1935 in the total. It is anticipated,

however, that as local manufacture improves in this line imports will decline before long, particularly if the tariff, which is already considered high, should be further increased.

(d) *Hosiery, socks, and stockings of cotton.*—There was a considerable fall in the imports of hosiery, socks, and stockings of cotton during 1936, which amounted to £E.182,000 as compared with £E.237,000 in 1935, a decline of £E.55,000. Local production is improving and increasing, particularly in the lower grade articles, and it would appear to account in some measure for the fall in the imports of Japanese goods which declined abruptly from £E.140,000 in 1935 to £E.49,000 in 1936. The decrease will, it is anticipated, continue, though the demand for the better qualities is not likely to be affected to the same extent as that for the cheaper for some time to come.

Hospital Equipment.—The bulk of the trade in hospital equipment is represented by the requirements of the Egyptian Government who, in 1932, initiated a programme of hygiene with the object of building every year two or more hospitals in provincial centres. The Ministry of Public Health are, therefore, constantly putting up to open adjudication the erection and equipment of general hospitals, child welfare centres, and fever and ankylostoma hospitals.

Next in order of importance, in so far as the trade is concerned, are the hospitals created by private enterprise which from time to time require equipment and replenishment with up-to-date instruments. The requirements of general practitioners are, of course, very limited in comparison.

It is not possible to quote statistics of the imports into Egypt of the various items required by hospitals, as numerous articles which are undoubtedly imported into Egypt for medical use only, are classified with similar articles for domestic use, such as, for instance, iron bedsteads, and enamel ware, etc., but the following particulars of certain articles will furnish an indication of the volume of the trade:—

	1935. Value. £E.	1936. Value. £E.
Apparatus and instruments for laboratories and scientific research.		
From: United Kingdom	2,473	2,609
Germany	3,675	2,461
Other countries	1,228	817
 Total	 7,376	 5,887

		1935.	1936.
		Value.	Value.
		£E.	£E.
Apparatus, orthopaedic and hernial truss	...	1,730	2,053
Apparatus and instruments, medical, surgical, and veterinary.			
From : United Kingdom	...	12,655	23,607
Germany	...	10,367	16,687
France	...	3,949	3,565
Other countries	...	4,087	2,733
Total	...	31,058	46,592
Microscopes	...	4,174	9,188
Apparatus, electro-medical	...	21,367	34,071
Glassware, special for laboratories, etc.	...	8,157	9,055

Most of the hospitals in Egypt are well furnished with modern and up-to-date equipment, and the use of electro-medical apparatus is becoming generalised. The public is gradually becoming convinced of the efficacy of such treatment, and even illiterate people in the villages attend doctors who have electric equipment in preference to those who have not. Obsolete surgical instruments are from time to time being discarded and replaced by new stock-in-trade in the form of X-ray, diathermy, and ultra-violet ray apparatus.

A large percentage of the apparatus in the Government hospitals which include such items as X-ray apparatus, generators, diathermy and surgery units, ultra-violet ray generators, and operating theatre equipment, is imported from Germany, whose quotations are usually much lower than those of their competitors. Surgical instruments of stainless steel are imported from the United Kingdom while the nickel and chrome-plated variety are mainly from Germany. A fair quantity of glass and china ware for hospitals is being imported from Japan, and it is interesting to note that hospital supply companies in Egypt are turning their attention to various other types of hospital equipment now being manufactured in Japan, as prices are said to be about 50 per cent. lower than those of their competitors.

Internal Combustion Engines.—There was a steady increase in the sale of internal combustion engines during 1935 and 1936, as compared with 1934. The value of the imports of stationary engines amounted to £E.130,137 in 1934, £E.169,591 in 1935, and £E.162,327 in 1936. These figures, however, do not include portable and semi-portable internal combustion engines valued at £E.3,594, £E.8,149, and £E.25,285, for the three years, respectively.

The United Kingdom's share of the trade in stationary internal combustion engines remained steady at about 69 per cent. for 1935 and 1936, which shows an improvement when compared with 54 per cent. in 1934. The percentage of the imports from Germany dropped from 30 in 1934 to 17 in 1935, but thereafter increased to 23 in 1936. Imports from Switzerland were valued at £E.8,855 in 1934, £E.14,130 in 1935, and £E.6,523 in 1936.

Preference is usually given by Egyptian farmers to horizontal engines for agricultural purposes, in which particular line the bulk of the imports were from the United Kingdom. Germany, however, and to a lesser extent Switzerland, are the chief suppliers of vertical diesel engines, mainly due to a question of price. Quotations by German manufacturers for large engines are extremely low and they would appear to be determined to secure orders at almost any price.

Recently there has been a tendency to import into Egypt second-hand internal combustion engines and this is borne out by the fact that, according to the returns of the Egyptian Customs Administration, the price per ton, c.i.f. an Egyptian port, of internal combustion engines, fell from about £E.64 in 1935 to £E.59 in 1936.

A detailed report on this subject may be obtained on application to the Department of Overseas Trade.

The following table shows the number of permits issued in 1935 and 1936 in respect of new internal combustion machines and horse-power involved.

Country of Provenance.	1935.		1936.	
	No. of machines.	Total H.P.	No. of machines.	Total H.P.
United Kingdom	503	14,695	486	14,863
Germany	126	8,366	116	4,294
Switzerland	37	2,628	41	4,765
United States of America ...	96	2,102	15	1,786
Italy	5	132	—	—
Belgium	4	145	—	—
Austria	4	52	2	190
Sweden	4	96	—	—
France	3	21	—	—
Other countries	17	328	16	507
Total	799	28,565	676	26,405
Decrease	—	—	— 123	— 2,160

Machine Tools.—There was an improvement in the trade for machine tools during 1935 and 1936, the total value of imports amounting to £E.27,731 and £E.36,014, respectively, which is, in part, attributed to the installation of a number of new factories and workshops.

The United Kingdom's share of the trade, which amounted to £E.13,083 in 1935, fell to £E.11,187 in 1936, while that of Germany increased from £E.5,280 to £E.13,604.

For the purpose of this report, machine tools imported into Egypt might be classified into three categories, namely (a) high-class tools, normally imported from the United Kingdom, and to a lesser extent from Germany and Czechoslovakia, (b) cheap tools from Japan, and (c) second-hand tools from various sources.

There is a fair demand for second-hand machine tools of well-known makes, and a number of local importers specialise in this line of business which inevitably affects the trade in new tools.

A fact of interest which is noticeable at present is that, whereas formerly it was possible to obtain delivery of goods within a delay of three months, since about the beginning of 1937, makers have been asking from six to eight months in which to execute orders.

Motor Vehicles (including Motor Cycles).—The total values of the imports into Egypt during 1935 and 1936 of motor cars, motor omnibuses, and motor lorries remained constant at about £E.852,000 per annum, compared with £E.532,000 during 1934, an increase of over £E.300,000 in both years. Imports of motor cars from the U.S.A. increased during 1935 and 1936 compared with 1934, while those from the United Kingdom and France declined, particularly in 1936. On the other hand, imports of motor lorries from the United Kingdom increased by £E.28,000 in 1936 as against 1935, whereas similar imports from the U.S.A. fell by £E.93,000 during the same period.

The total values of the imports of spare parts and accessories during 1935 and 1936 amounted to £E.85,000 and £E.92,000 respectively, as compared with £E.78,000 in 1934. The bulk of the trade was with the U.S.A. whose exports to Egypt amounted to £E.35,500 in 1935 and increased to £E.57,000 in 1936, followed by the United Kingdom whose trade declined from £E.19,000 in 1935 to £E.17,500 in 1936. The next in order of importance were Italy and France whose imports into Egypt during the two years under review averaged about £E.5,200 and £E.4,300 respectively.

Prior to the 11th September, 1931, the Customs duty on motor vehicles and parts and accessories was 15 per cent. *ad valorem*. The duty on parts and accessories was then raised to 25 per cent. *ad valorem*.

On the 11th April, 1936, the duty was changed from an *ad valorem* basis to a specific duty.

The present tax on motor cars is fixed at £E.5 per annum irrespective of weight and horse power, and as insurance is optional and not generally effected, large and high-powered cars, principally from the U.S.A., are increasing in popularity. Moreover, from the buyers' point of view, these high-powered cars are very generally held to offer good value for money, and, taking into consideration conditions prevailing in this country, they are usually more comfortable due to softer springing, and are of attractive body design and finish. Judged from the agents' point of view, the American manufacturers offer their representatives a greater margin of profit, or alternatively, lesser financial burdens on which to earn profits, and their representatives are thus able to allow high allowances for old cars in part payment of new ones. While bearing in mind that domestic sales in the United Kingdom account for a high percentage of English manufacturers' production, it is advocated that serious consideration be given by United Kingdom manufacturers interested in this market to (a) improved springing, (b) a less delicate electrical equipment giving longer battery life, and (c) better body fittings with consequent elimination of rattle.

Motor vehicles in circulation in Egypt as at the 31st December, 1934, 1935, and 1936, were as follows:—

	Private cars and taxis.			Goods vehicles, omnibuses and coaches.		
	1934.	1935.	1936.	1934.	1935.	1936.
United Kingdom...	2,404	3,150	3,553	465	499	542
U.S.A. and Canada	9,585	11,744	13,830	2,524	2,772	3,035
Belgian ...	86	75	77	1	1	1
Austrian ...	13	5	7	—	1	3
Czechoslovakian ...	3	3	49	—	—	—
French ...	1,938	2,066	2,128	206	173	170
German ...	303	422	718	15	20	40
Italian ...	4,128	4,339	4,540	80	53	74
Swedish ...	—	—	—	—	—	23
Unknown ...	28	—	21	7	—	9
Total ...	18,488	21,804 (1)	24,923 (2)	3,298	3,532 (3)	3,897 (4)

Note.—(1) Not including 627 private cars belonging to the Egyptian Government.

(2) Not including 645 private cars belonging to the Egyptian Government.

(3) Not including 548 lorries and 85 omnibuses belonging to the Egyptian Government.

(4) Not including 795 lorries and 61 omnibuses belonging to the Egyptian Government.

Motor Cycles.—The value of the imports of motor cycles, side-cars, and spare parts amounted to £E.17,744 in 1936 as compared with £E.20,333 in 1935. These are mainly imported from the United Kingdom.

The market is principally confined to Egyptian Government purchases. Recently, however, there have been signs of increasing imports of low-powered motor cycles of German manufacture which are being sold at very competitive prices.

Pneumatic Tyres, Tubes, etc.—Imports were valued at £E.136,484 in 1935 and £E.132,835 in 1936. The U.S.A. were leading suppliers, their share of the trade being approximately £E.45,000 in each year. The United Kingdom (£E.28,727 in 1935 and £E.39,301 in 1936) come next followed by France (£E.21,765 and £E.18,695), Italy (£E.26,348 and £E.8,922) Belgium and Luxembourg (£E.5,854 and £E.9,824), and Germany (£E.2,811 and £E.3,930). The small trade of Japan (£E.503 in 1935 and £E.108 in 1936) comprised entirely of tyres and tubes for bicycles.

Paints and Varnishes.—With the return of more prosperous times, the imports into Egypt of paints, colours, and varnishes have risen, the value of imports in 1936 being just over £E.100,000. On the other hand, whilst the demand has increased, the local production of paints, colours, and varnishes has also grown. Unfortunately, statistics of the output of this local industry are not available: it is, therefore, not possible to estimate the quantity or value of paint consumed annually in Egypt and thus to arrive at any effective comparison or conclusion.

Imports into Egypt of "varnishes, lacs and siccatives" were valued in 1935 at £E.26,639 and in 1936 at £E.26,701, the United Kingdom obtained 53 and 55 per cent. respectively of the import trade in these years; Belgium and Luxembourg also secured an important share of the trade. The imports of "colours, oil (not elsewhere specified) and enamel paints" amounted to approximately £E.41,000 in 1935 and £E.42,000 in 1936: again the United Kingdom obtained the greatest share of the trade, approximately 60 per cent. in 1935 and 65 per cent. in 1936; France, Germany and Italy figured to a lesser degree. The United Kingdom has also figured prominently in that item headed "colours in receptacles in or in cakes" (which includes dyes for cloth) of which the total imports were £E.11,397 in 1935 and £E.14,273 in 1936. Other imports into Egypt, under the heading of "paints and varnishes", are "colours bronze and aluminium", "colours dry or in paste" and "colour pigments mineral (not elsewhere specified)".

Although on the whole the United Kingdom's share of the trade is not unsatisfactory, there is, nevertheless, room for improvement which could be obtained following a reduction in

prices for, in comparison with the prices for paints and varnishes from other countries, the prices of United Kingdom products are high. Admittedly the quality of paint is much superior, but the question of price more often than not is given greater consideration in Egypt than is that of quality.

Departments of the Egyptian Government generally give preference to paints of good quality which, needless to say, stand up better to the climatic conditions of Egypt and are more economical in the long run, but local contractors, tradesmen, and painters who have to face severe competition are quick to use the very cheapest grades whenever special brands or qualities are not specified. It is consequently advocated that greater importance should be attached to advertising, particularly in Arabic, to educate those concerned to the advantages to be gained by the proper use of good paints.

Paper and Stationery.—The Egyptian market for paper amounted to £E.691,000 in 1936 as compared with £E.749,000 in 1935, a fall of £E.58,000, probably attributable to increased local production and an unduly large carry-over of stocks of cigarette paper from 1935, resulting from abnormal purchasing from war scare motives.

Imports into Egypt of paper and cardboard, etc., are principally from Finland, Scandinavia, and Germany, and to a lesser extent from Austria, Holland, Belgium, Italy, Czechoslovakia, the United Kingdom, and France.

Local production of paper is confined mainly to common wrapping paper. There is one important factory in Alexandria whose output is estimated at 300 tons per week.

There is practically no opening for the ordinary grades of paper from the United Kingdom whose products on this market are limited to expensive and fine qualities of writing paper of various kinds and tracing paper, etc.

Prices of imported paper increased considerably during the latter end of 1936, and are still rising in view of the high cost of raw materials. Increases as between January, 1935, and January, 1937, have ranged from 19 per cent. to 55 per cent.—the heaviest rise of all having occurred in common wrapping paper.

Petroleum.—Since the existing Egyptian oilfield does not produce as much crude oil as the country requires, various petroleum products as well as crude oil are imported for direct sale or treatment, respectively. The quantity of crude oil imported in 1936 amounted to 129,000 metric tons to a value of £E.258,000. Other petroleum products imported were benzine and white spirit—29,000 tons, value £E.149,000; kerosene 285,000 tons, value £E.725,000; lubricating oils 15,500 tons, value £E.167,000; fuel oils 246,000 tons, value £E.369,000

and asphaltic bitumen 3,000 tons, value £E.5,000. The total imports of crude oil for refining and the products previously referred to were 707,500 tons valued at £E.1,673,000. The principal countries of supply were Iran, Rumania, the U.S.S.R. and the Dutch West Indies.

Egypt's consumption of the various petroleum products (other than crude oil) is examined in Chapter V of this Report.

Pipes, Cast Iron and Steel.—Although it is believed that the favourable position held by United Kingdom manufacturers in Egypt for pipes for sewers and water mains has been maintained during the years 1935 and 1936, it is difficult to estimate the value of this trade as pipes are not classified under these headings in the monthly summary of the foreign trade of Egypt. During the years mentioned, however, Continental manufacturers have in some cases derived advantages from devaluation of currency and in others from financial support and facilities in export matters obtained from their governments.

The local industry is also progressing, and joints, bends, tees, and collars, etc., of both large and small diameter are now being cast in Egypt. Light rainwater and sanitary pipes of the Scottish pattern are manufactured locally in short lengths. The usual sizes are from 2 to 6 ins. in diameter and about 2 yds. long.

Certain projects for the installation of important water mains and sewers were postponed during 1935 and 1936 which reduced the volume of trade.

For imports of pipes see Appendix XVI.

Provisions.—During 1935 and 1936 there was an improvement in the market for canned and preserved meat, fish of all kinds, biscuits, fresh and dried fruit, etc. This was no doubt principally due to improvement in the economic conditions of the country, and perhaps to some extent to the fact that the Egyptian market is increasingly attracting the attention of foreign exporters as a suitable field for a wide, and widening, range of foodstuffs. While these commodities are imported from various countries, it is noticeable that the Baltic States in particular are obtaining a firmer footing in Egypt and are increasing their trade in dairy produce such as bacon, ham, cheese, etc.

Competition in the trade is reported to be very keen, and Japan and Denmark are apparently now able to supply at low prices tinned goods of equal quality and similarly packed to those formerly imported from the United Kingdom and the U.S.A. These cheap lines are gaining ground and the countries

which formerly enjoyed the position of leading exporters of foodstuffs to Egypt will have to follow developments closely if they desire to maintain their share of this trade.

An oft-repeated grievance directed particularly towards United Kingdom exporters is that in many cases firms will not submit c.i.f. quotations to enable local traders to make an accurate estimate of costs, with the result that orders are constantly being lost. Simultaneously, certain exporters, including, incidentally, newcomers to this market, have given this important point serious consideration and are, consequently, in a position to advise prospective buyers of the exact cost of their products delivered in Cairo or c.i.f. an Egyptian port, which secures for them a great advantage over some of their competitors.

Radio Apparatus.—The value of the imports of radio sets during 1935 and 1936 amounted to £E.176,000 and £E.107,000, respectively. Whilst the total number of sets imported into Egypt during 1936 decreased by 10,805 (or 41 per cent.), the number imported from the United Kingdom showed a welcome increase of 452 sets. There is, however, still room for improvement as the United Kingdom's share in the value of this trade was only 4.5 per cent. in 1935, increasing to 11.6 per cent. in 1936, as compared with the U.S.A. with 46 per cent. in 1935 and 53 per cent. in 1936, followed by the Netherlands with 37 per cent. in 1935 and 19 per cent. in 1936.

The increase in the United Kingdom's share of this trade, though small, is attributed mainly to the long delayed introduction to this market, at the end of 1935, of sets covering short-wave bands. Owing to atmospheric conditions, short-wave reception from Europe is the best during the period March to October, whereas, for the remaining months of the year, long and medium waves give the best results. Importers should, therefore, bear in mind that the "all wave" type of radio is preferable for Egypt.

It is not improbable that the general decrease in sales is due to saturation point having, for the time being at all events, been reached for, although Egypt's population is estimated at about 15,800,000, the purchase of even a cheap radio set on the easiest possible terms is quite beyond the means of the peasants, who comprise a large proportion of the population. Any further advantage to be gained by United Kingdom manufacturers will, therefore, have to be at the expense of their competitors, against whom it is often difficult to compete both in price and in terms of payment, even though the United Kingdom sets in some cases are better. The problem presented by part exchange is now beginning to be felt by dealers and is likely to retard the sales of new sets.

All-mains six-valve sets of console or consolette type, with moving-coil loud-speaker and provision for gramophone pick-up, seem to be finding a good market. The mains transformer should be of a tapped universal type, owing to the two principal supply voltages being 110 and 220 volts A.C. suitable for 40/50 cycles.

Whilst in the past there has been a demand for components, the tendency to-day is for the general public to buy ready-made sets. The value of imports of parts and fittings for radio sets amounted to only £E.7,198 in 1936 or an increase of £E.1,354 as compared with 1935.

Rayon.—(a) *Yarn*.—The value of the imports into Egypt of rayon yarn increased from £E.106,000 in 1935 to £E.116,000 in 1936. Italy's share of the trade amounted to £E.41,000 in 1935 and dropped to £E.16,000 in 1936 owing to the application of sanctions in December, 1935. Japan's trade rose from practically nil in 1933 to £E.20,000 in 1934, £E.40,000 in 1935, and £E.44,000 in 1936. Imports from France dropped from £E.17,000 in 1929 to £E.4,000 in 1936, but the United Kingdom's share rose from £E.6,000 in 1930 to double that amount in 1936.

A table is here subjoined giving the weight and value of imports of rayon yarn during the decade ending in 1936.

Year.	Imports of Rayon Yarn by weight and value.									
	Italy.		France.		U.K.		Japan.		Total.	
	Tons.	£E. (ooo's omitted).	Tons.	£E. (ooo's omitted).	Tons.	£E. (ooo's omitted).	Tons.	£E. (ooo's omitted).	Tons.	£E. (ooo's omitted).
1927	274	68	—	—	—	—	—	—	287	72
1928	345	90	—	—	—	—	—	—	394	103
1929	208	46	80	17	—	—	—	—	315	69
1930	275	50	69	11	39	6	—	—	500	94
1931	276	44	25	4	35	5	—	—	405	64
1932	328	51	10	1	40	5	—	—	528	83
1933	336	49	17	2	61	7	—	—	626	86
1934	426	63	38	5	95	12	166	20	952	134
1935	362	41	12	2	92	9	387	40	920	106
1936	165	16	27	4	128	12	498	44	1,076	116

It may be assumed that the local rayon fabric industry will annually absorb more rayon yarn, and that, since this commodity is not being manufactured in Egypt, imports from abroad will continue to increase.

Imports of rayon yarn from Japan are favoured by local manufacturers on account of their cheapness, while the increase in the imports from the United Kingdom is attributed to the high quality of the yarn, and the consequent elimination of waste, which compensates local manufacturers for the high price they have to pay for United Kingdom yarn. On the other hand, Italian yarn is both good and cheap, and Italy is likely again to come into severe competition with Japan who is now the chief supplier of yarn to local manufacturers.

Rayon yarn is also coming into Egypt from the Netherlands, France, and Belgium, whilst Switzerland's exports to Egypt increased from £E.2,000 in 1935 to £E.11,000 in 1936.

(b) *Fabrics*.—Owing to the operation of sanctions against Italy, the imposition of a depreciated currency surtax on certain textiles from Japan and China, three successive heightenings of the tariff wall (the last in April, 1936), and the growing local rayon fabric industry, imports into Egypt declined from £E.543,000 in 1935 to £E.271,000 in 1936, a drop of full 50 per cent.

In order of importance, the local market was supplied with rayon fabrics by Japan to the value of £E.412,000 in 1935 and £E.105,000 in 1936, followed by France with £E.52,000 in 1935 which she managed to increase to £E.75,000 in 1936, while imports from Italy dropped from £E.50,000 in 1935 to £E.12,000 in 1936. Other countries supplying rayon fabrics to Egypt were Germany, Belgium, and Switzerland.

As a result of the above-mentioned factors and particularly of the tariff protection afforded by high import dues on certain lines of heavy rayon fabrics, local manufacturers have not been slow to seize the opportunity to increase their output. Nevertheless, local weavers and designers have not as yet acquired the high technique of their older-established foreign competitors, and it is only natural that local production should, therefore, be confined to the more simple types of rayon fabrics. Thus, whilst delicate fabrics of about 100 gramme or less per square metre, as well as certain heavy grade fancy goods of 120 to 200 gramme per square metre, are being imported from abroad, plain rayon fabrics are being successfully manufactured in Egypt. With improving local technique, a further drop in foreign imports is to be expected.

The following table shows the quantity and value of rayon fabrics imported into Egypt from 1932 to 1936.

IMPORTS OF RAYON FABRICS DURING THE YEARS 1932 TO 1936 BY WEIGHT AND VALUE.

Year.	France.		Italy.		Japan.		Germany.		Hungary.		Total.
	Tons.	£E.	Tons.	£E.	Tons.	£E.	Tons.	£E.	Tons.	£E.	
*1932	37	34,000	26	20,000	311	102,000	1	1,000	—	—	164,000
1933	80	74,000	73	51,000	864	249,000	7	8,000	2	2,000	1,047
1934	54	56,000	70	44,000	1,285	388,000	7	9,000	—	—	402,000
1935	45	52,000	87	50,000	1,566	412,000	8	8,000	2	2,000	512,000
1936	88	75,000	24	12,000	490	105,000	34	30,000	32	20,000	543,000
											271,000

* Customs statistics for rayon wares were only begun as from the 1st June, 1932. The figures for 1932, therefore, only represent seven months. Previously to that date rayon fabrics were assimilated to silk fabrics and entered under that heading.

Ready-made Clothing.—The total value of the imports into Egypt of ready-made clothing of wool, cotton, silk, and rayon amounted to £E.97,500 in 1935 and declined slightly to £E.95,000 in 1936.

During the two years under review the United Kingdom's share of the trade, mainly in articles of wool, averaged about £E.18,500 per annum, followed by France with an average of £E.14,500. The balance of this trade was divided between the U.S.A., Germany, Japan, the Netherlands, Czechoslovakia, India, and Italy.

Imports of underclothing amounted to £E.20,446 (United Kingdom £E.3,441) and £E.17,191 (United Kingdom £E.3,348) in 1935 and 1936 respectively.

The demand for ready-made clothing, which is fairly constant, is partly met by the local industry, but since the return of more prosperous times the feminine element has tended to show preference for imported goods.

Similarly, during the period of the economic depression the imports of fancy goods not generally manufactured in Egypt declined, but the demand is now again increasing, particularly for more refined qualities.

The trade in small wares (mercery), including knitting wool for which the demand is very steady, is of a high standard and a large percentage of these articles is imported from the United Kingdom.

Road-making Machinery.—The grant in the 1935 budget for new works for the Roads and Bridges Department which amounted to £E.140,000 was increased to £E.268,000 in 1936. Following this rise of £E.128,000, the market for road-making machinery showed increased activity during the latter year.

A considerable number of orders for roadrollers (including second-hand machines), bitumen spraying machines, and stone-crushing machines were placed with United Kingdom manufacturers both by the Egyptian Government and by private contractors.

A small quantity of road machinery was imported from France, while some bitumen-melting boilers and hand-spraying machines were manufactured locally.

The bulk of the asphalt and bitumen used in the construction of roads is manufactured locally, though a small quantity amounting to 6,200 tons in 1935 and 7,400 tons in 1936 was imported for street paving.

It is anticipated that the execution of the military roads programme provided for under the terms of the Anglo-Egyptian Treaty of 1936 will help to maintain a healthy demand for road machinery (which will probably include quarrying plant).

Statistics of the imports of road-making machinery, which would give a valuable indication of the importance of the market, are not shown separately in the official returns of the foreign trade of Egypt, but the market merits the careful attention of United Kingdom manufacturers none the less.

Sacks, Jute.—It is clear from a study of the subjoined table of the imports into Egypt of jute sacks that the economic depression of 1930-3 and the poor cotton crops of 1931 and 1932 were largely responsible for the substantial drop in the imports during those years. Of the total quantity of sacks imported annually which exceeds half a million pounds in value, India accounted for 96 per cent. of the total imports in 1935 and 94 per cent. in 1936. Small quantities are imported also from Scotland, Italy, Belgium and Czechoslovakia.

Year.	India.		Value. £E.	Total. £E.
	Value. £E.	Value. £E.		
1927	655,000	659,000
1928	660,000	668,000
1929	721,000	730,000
1930	528,000	542,000
1931	288,000	292,000
1932	302,000	311,000
1933	410,000	424,000
1934	489,000	516,000
1935	447,000	464,000
1936	473,000	501,000

The following are some of the various types of sacks most commonly used in Egypt:—

“*B*” *Twills*, weighing $2\frac{1}{2}$ lbs. These are imported from India and are used for packing rice.

“*Sugar Bags*,” weighing $2\frac{1}{2}$ lbs., generally used for packing sugar and cereals.

“*Grain Sacks*,” weighing $3\frac{1}{2}$ lbs., are used for packing cotton-seed to be transported from place to place in Egypt, while similar sacks weighing 5 lbs. are almost exclusively used for the export of cottonseed.

“*Cottonpacks*,” weighing 3 lbs., are used mainly for the transport of cotton in Egypt and for shipment abroad, and they constitute one of the most important items in this particular trade.

“*Onionpockets*,” weighing 12 oz., are used for packing onions, and, to a lesser extent, as sandbags for reinforcing canal banks, etc.

“*Hessian Cloth*,” weighing 8 and $10\frac{1}{2}$ oz., is used for the manufacture of sacks for special requirements, for packing of furniture and other commodities, and for roofing purposes. For the latter instance it is, of course, impregnated with tar or other suitable substances.

Onionpockets and cottonpacks from India are generally landed and stored at Port-Tewfik (Suez), while the various other kinds are generally handled at Port-Said.

Cement bags made of jute are not imported into Egypt. Certain local cement factories manufacture locally a limited quantity of jute cement bags for their own requirements although, as a general rule, this commodity is packed in paper bags.

While small quantities of jute bags of various kinds are made locally for a number of purposes, it cannot yet be said that a sack-making industry is fully established in Egypt.

Sanitary Ware and Fittings.—Prices ruling in Egypt for sanitary ware and fittings are extremely low. United Kingdom manufacturers and their representatives would welcome an opportunity of trading under better conditions as they find they are more or less forced to establish an uneconomic price level in order to hold their own against German, Czechoslovakian and Hungarian competition. Even then quotations by United Kingdom manufacturers of taps, showers and all fittings for sanitary wares are considerably higher than those of Continental manufacturers. While there is not much to choose between the fittings in appearance, the durability of the United Kingdom fittings is admittedly greater. Sanitary ware is often imported from the United Kingdom without the corresponding fittings and the cheaper Continental or local fittings are added. The local brassware industry is progressing year by year and in a short time expects to be in a position to cater satisfactorily for the requirements of the Egyptian market. This also applies to locally manufactured woodwork for sanitary goods.

Sanitary ironware.—Since the formation of the International Bath Association prices of cast iron baths have been uniform but porcelain enamelled cisterns, native closet pans, brackets, traps, etc., manufactured in Germany, Belgium and Hungary are considerably cheaper than similar goods of United Kingdom manufacture, notwithstanding the fact that they are the same in weight and of reasonably good quality.

Sanitary fireclay goods.—The use of sanitary fireclay wares is practically confined to the requirement of the Egyptian Government for their hospitals, schools and offices. Imports are mainly from the United Kingdom.

Sanitary earthenware.—These goods also are mainly imported from the United Kingdom and have been sold in "first" or "standard" quality and "seconds" the latter being 25 per cent. to 40 per cent. cheaper. Local plumbers and retailers of sanitary earthenware often were able to pass off "seconds" as "firsts". Moreover the "standard" products were liable to be confused with goods manufactured

by the Standard Sanitary Company. The decision to amend the description of United Kingdom sanitary earthenware to "seconds quality", "best quality" and "specially selected quality" has consequently given satisfaction in some quarters.

Vitreous china sanitary ware.—This type of sanitary ware is undoubtedly favourably regarded in the Egyptian market and the claims that it is stronger, more resistant and superior in finish are accepted. It is a further advantage that no second quality is marketed in Egypt. The products of United Kingdom are about 20 per cent. dearer than those of their competitors in Germany and the U.S.A. and consequently sales of United Kingdom manufactures are limited.

Silk.—(a) *Yarn.*—There has been a slow recovery in the total value of the imports of silk yarn from the period of depression; imports which were £E.201,000 in 1927 fell to £E.89,000 in 1931, but recovered to £E.151,000 in 1935 and £E.152,000 in 1936.

China's share of the trade amounted to £E.61,000 and £E.68,000 in 1935 and 1936 respectively, followed by Japan with £E.41,000 in 1935 and £E.58,000 in 1936. Italy, who was at one time the second highest importer of silk yarn into Egypt suffered in consequence of the applications of sanctions, her imports into Egypt dropping from £E.24,000 in 1935 to £E.7,000 in 1936.

Whilst the demand for silk yarn to meet the local industry of silk-weaving is slowly but steadily growing, it is being increasingly, though still to no very great extent, met by local production of silk cocoons.

(b) *Fabrics.*—Imports of silk fabrics during the decade 1927 to 1936 during which there have been successive increases in the import duty on silk fabrics show a very noticeable fall; imports declined from £E.449,000 in 1932 to £E.241,000 in 1935 and £E.188,000 in 1936.

The 40 per cent. depreciated currency surtax on certain textiles from China and Japan does not apply in the case of pure silk, nevertheless Japan's share of the trade fell from £E.247,000 in 1933 to £E.73,000 in 1936, a decrease in which imports from France, which fell from £E.53,000 in 1933 to £E.33,000 in 1936, shared. Imports from the United Kingdom are small.

The finest qualities of silk fabrics are exclusively imported from abroad as the local industry is still not sufficiently experienced to compete in production with their foreign competitors of long standing, but a fair percentage of the more staple fabrics, such as crêpe de chine, shirtings, and satins, are now being made in Egypt (see Chapter V).

It may be doubted, however, whether the silk textile industry will ever attain the same degree of development as that of the cotton industry which absorbs one of Egypt's staple products, or attain the same degree of importance as the rayon industry in view of the fact that silk clothing is too expensive a luxury for the bulk of Egypt's population.

Soap.—The value of the total imports of soap which amounted to £E.147,000 in 1935, dropped to £E.108,000 in 1936, a decrease of £E.39,000. This drop is attributed to the steady increase in local production, particularly of common soap. The United Kingdom's share of the imports of common soap fell from £E.37,000 in 1935 to £E.29,000 in 1936, a decrease of £E.8,000. The imports from all countries for these two years were £E.117,000 in 1935 and £E.77,500 in 1936.

Imports of toilet and medicinal soap, which were principally from the United Kingdom, amounted to £E.22,000 in 1936, a drop of £E.1,000 as compared with 1935.

Notwithstanding the high tariff on toilet soaps, the imports of this commodity have not been seriously affected, due presumably to the fact that local production has not reached the high standard of similar products of foreign manufacture.

Certain well-known brands of toilet soap have been extensively advertised in Egypt and consequent upon the demand thus created a severe cut-throat competition has set in among local retailers, which, it is alleged, has also forced manufacturers to reduce their prices to a minimum.

Following the reduction on the 2nd February, 1936, of the Egyptian Customs duty on pure olive oil soap from 650 milliemes to 500 milliemes per 100 kilograms gross, the imports of pure olive oil soap from Palestine, reached the figure of £E.36,500 in 1936.

Sports Requisites.—This trade has increased from £E.23,295 in 1935 to £E.27,905 last year, the United Kingdom's share of the latter amount being £E.22,892. Whilst the United Kingdom is the principal supplier in most categories of sport, Norway takes first place as regards fishing tackle.

Included in the total for 1936, are tennis gear to the value of £E.9,778; golf clubs, etc. to the value of £E.1,800; football goods to the value of £E.1,909; cricket, hockey and polo gear to the values of, respectively, £E.2,185, £E.1,117 and £E.386, and fishing tackle to the value of £E.1,694. Other games for which equipment was imported are squash rackets and basketball.

In considering the question of the speedier expansion of this market, it must be borne in mind that a large number of those interested prefer to equip themselves in Europe when on annual

leave, and that, although the population of Egypt is over 15,000,000, the potential market for this particular line is limited to European residents in Egypt and a comparatively small, though growing, number of young Egyptians. The market, nevertheless, is one which, whilst modest yet, is destined to increase in the coming years, in which connection attention is drawn to the remarks, in Chapter VIII under the heading Physical Culture, regarding the encouragement given by the Ministry of Education to games and other forms of physical culture.

Steam Boilers, Generators, and Engines.—The trade in Egypt in steam boilers and stationery steam engines is, by comparison, very limited, as this type of machinery has been superseded by internal combustion engines. Imports of steam boilers and generators amounted to £E.16,426 in 1935 and £E.20,290 in 1936. Imports of stationary steam engines amounted to £E.22,732 (United Kingdom £E.6,357) and £E.7,773 (United Kingdom £E.235) in 1935 and 1936 respectively.

Tabulating and Calculating Machines.—The imports into Egypt of tabulating and calculating machines are not classified separately; the total values for both categories amounted to £E.4,937 in 1935 and £E.5,332 in 1936.

(a) *Tabulating Machines.*—From these figures it might be assumed that the value of the trade in tabulating machines is of little importance whereas the contrary is the case as, for every machine imported into Egypt, millions of printed cards are brought into use which are generally supplied by the manufacturers of these machines.

Prior to 1935 a very small number of tabulating machines were in use in Egypt, but since then the field of operation, which is naturally limited to the few existing organisations having to tabulate a mass of varied items, or to compile complicated schedules and tables, has considerably widened and now includes the Administration of the Egyptian State Railways, Telegraphs and Telephones, the Census Department, and the Statistical Department of the Ministry of Finance, a firm of chartered accountants, an Egyptian Government hospital, and the Suez Canal Company.

Tabulating machines, which are imported into Egypt from the United Kingdom, are not sold but are hired out at a monthly rental, and they are maintained in service order by a technical staff from the manufacturers. It is claimed that this system is an inducement to potential users who are thus not obliged to invest large sums of money in purchasing the requisite machinery outright, while, on the other hand, for a small nominal rental they are afforded an opportunity by the manufacturers of testing for themselves the economic advantages to be gained by the use of tabulating machines.

(b) *Calculating Machines*.—The use in Egypt of calculating machines, imported mainly from the U.S.A., is spread over a wider field of operation and includes Egyptian Government departments, railways, banks, oil companies, the Post Office, and important commercial establishments. These machines are sold outright, not hired.

Tea.—The total quantity of tea imported into Egypt during 1936 amounted to 6,965,284 kilograms, an increase of 831,116 kilograms over the quantity imported in 1935.

This is an interesting fact to record, particularly when one takes into account that the tea trade has been through an unusually trying period during the past two years, firstly as the result of an anti-tea drinking campaign which was launched in the early part of 1935 on the erroneous ground that excessive tea-drinking was undermining the health of the major part of the population, secondly, as the result of two increases in the import duty on tea, which was increased by 84 per cent. on the 21st March 1935, followed by a further increase of 40 per cent. on the 11th June 1936.

Though this onerous taxation was possibly in part intended to reduce the heavy consumption of tea, official statistics prove that the measures adopted were not instrumental in checking imports, and the principal and unfortunate result which has been apparent is the increase in secondary quality teas. In addition, the measures taken have helped to foster locally the illicit blending of "tea" fabricated from acacia leaves and spent tea leaves with imported tea.

There seems little doubt that a number of importers have been compelled to import lower grades of tea in order to keep prices to the lowest possible level and that, in many cases, good India, Ceylon, and Java teas have been spoilt as the result of being mixed with cheap brands of Japanese tea. Palestine, for instance, whose borders march with those of Egypt, consumes an altogether higher quality of tea than that consumed in Egypt.

Following the launching of the anti-tea-drinking campaign, the leading tea importers in Egypt appealed to the International Tea Market Expansion Board for assistance, with the result that, during the latter part of 1935, the International Tea Bureau was established in Cairo. By means of village to village propaganda carried out by demonstration motor vans, by advertising in the Press, and by showing the peasants how to make tea, the Bureau has helped considerably to popularise tea, and to prove that only adulterated teas, badly prepared can be injurious to the health.

An examination of the statistics shows that:—

- (a) there was a pronounced rise in the volume of imports as from and including 1928.
- (b) this advance has been maintained very steadily ever since.
- (c) Japan made a sudden appearance in the Egyptian market in 1934.
- (d) the five years 1925 to 1929 represented a period of prosperity when a good level of quality was maintained at an average price of £E.113.7 per ton;
- (e) the four years 1930 to 1933 when the average price of £E.68 per ton reflected the depression (with a trough price of £E.53 in 1932) and a coincident lowering of the quality of tea consumed;
- (f) the three years 1934 to 1936 when recovery from the depression was taking place, retarded, however, as regards the quality of the tea towards which return was being sought, owing to heavily increased taxation. The upward return in four years to a price of £E.92 per ton in 1936 from the trough price of £E.53 in 1932 is proving much slower than the precipitous descent in these years from a price of £E.109 to that just mentioned of £E.53.
- (g) the secondary quality of the Japanese tea coming into the market in the last three years at prices descending from £E.61.5 in 1934 to £E.54.5 in 1936.

Appendix XVII gives the average percentages of tea imports according to origin and the average cost per lb. of tea delivered c.i.f. an Egyptian port during the thirteen years 1924-1936 from India, Ceylon, Java, and Japan, respectively.

Timber.—The importance of the market in Egypt for timber can be estimated by noting the values of the total imports during 1935 and 1936, which amounted to £E.1,239,509 and £E.1,498,238, respectively.

The principal sources of supply in order of importance are the U.S.S.R., Rumania, Finland, Yugoslavia, and Sweden; and to a lesser extent, Turkey, Poland, and the U.S.A.

The values of a few of the principal categories of timber for 1935 and 1936 were as follows:—

Railway sleepers which amounted to £E.79,147 in 1935 and £E.211,067 in 1936. Turkey is the principal supplier of this commodity to Egypt.

Timber, squared or sawn, over 50 mms. Filéri. £E.256,576 in 1935 and £E.180,129 in 1936. The U.S.S.R. are the principal suppliers of this particular line, followed by Finland.

Timber, squared or sawn, over 50 mms. Not Filéri. £E. 248,360 in 1935 and £E. 245,598 in 1936. The principal suppliers in order of importance were Sweden, Rumania, Yugoslavia, and the U.S.S.R.

Timber, squared or sawn, 50 mms. or less amounted to £E. 509,121 in 1935 and £E. 662,996 in 1936, imported from Rumania, the U.S.S.R., Sweden, Yugoslavia, and the U.S.A.

Wood, veneering, ply, amounted to £E. 53,748 in 1935 and £E. 64,590 in 1936, chiefly imported from Poland and the U.S.S.R.

Typewriters.—Owing to political disturbance in the Mediterranean, trade in typewriters during 1935 and 1936 was not as brisk as was anticipated, as a large number of business firms appeared disinclined to go to any expenditure which they could possibly avoid or postpone in connection with renewal or increase of their office equipment. The winter season of 1936-7 showed a distinct improvement although normal trade was slightly upset following the bankruptcy of a well-known local company whose stocks of typewriters were sold by public auction at less than half price.

Imports during 1935 and 1936 were as follows:—

From	1935.		1936.	
	No.	£E.	No.	£E.
United Kingdom	49	590	29	343
U.S.A.	1,850	18,418	1,836	18,892
Other countries	196	2,137	279	2,852
Total	2,095	21,145	2,144	22,087

The bulk of the imports into Egypt are American machines fitted with Arabic script, in which connection United Kingdom manufacturers are at present, apparently, unable to compete. The slight decrease in the number of machines imported from the United Kingdom and the U.S.A. during 1936 is attributed to a poor season in 1935, and to reduced purchases by the Egyptian Government, whose normal annual requirements are from three to four hundred machines of various kinds. It will be observed, however, that there was an increase in the imports from "other countries" during 1936, which was due to the introduction into Egypt of a new model from Switzerland.

Although imports into Egypt of United Kingdom typewriters are slowly increasing, sales are, nevertheless, still restricted owing to several factors. In the first place, most typists in Egypt have so far been taught to typewrite on American machines which were introduced into this country long before those of United Kingdom manufacture, and naturally show a

preference for the American machine. In the second place, United Kingdom typewriters are more expensive, and, thirdly, no United Kingdom typewriter with Arabic script that can compete against certain well-known American makes has as yet made its appearance in Egypt.

Traders in United Kingdom typewriters show, however, a certain optimism regarding the future, particularly now that on certain machines the ordinary Latin characters can be interchanged for Greek characters. Nevertheless, the necessity for introducing on this market a well-made and moderately cheap typewriter with Arabic script cannot be too strongly urged.

Wines and Spirits.—In reviewing all categories of alcoholic beverages together the imports into Egypt in 1936 which amounted to £E.434,000 were higher in value than in 1935 (£E.420,000), but the increase of roughly 3 per cent. does not reflect the greater power of absorption of the market due to the country's increased prosperity in 1936, and the volume and total values were far below those of the peak year of 1929.

The greatest single increase in volume and value occurred in beer imported from the United Kingdom (£E.56,567 in 1936 compared with £E.46,589 in 1935), but as this was almost entirely for consumption by the British Troops in Egypt, it had little bearing on the trade. Further information regarding beer, ale, and stout will be found in the section on beer-brewing in Chapter V.

Imports of whisky from the United Kingdom, the value of which accounted for over one quarter of the total imports of alcoholic beverages, were up in value by approximately 8 per cent. in 1936 (£E.115,000) as compared with 1935 (£E.107,000), but the total was still far below that of the peak year of 1929.

Imports of gin from the United Kingdom during 1936 amounted to £E.10,800. Statistics for 1935 and earlier years are not available.

Imports of brandy from France continued on a downward course, dropping from £E.42,000 in 1935 to £E.36,500 in 1936, as also did imports of brandy from Greece which declined from £E.26,500 to £E.24,000.

Shipments of champagne from France were up in 1936 by about 22 per cent. compared with 1935 which proved a poor tourist season for hotels in Egypt owing to the unsettled political situation in Europe and Abyssinia.

By far the largest imports of still wines into Egypt are shipped from Cyprus. These amounted to £E.31,000 in 1935 and rose to £E.35,000 in 1936.

The value of the imports of wines from Greece and Italy declined during 1936 compared with 1935, but Germany with £E.2,000 in 1936 against £E.1,000 in 1935 advanced.

Falsification of whisky and other alcoholic beverages was less prevalent than in former years. The officials of the Egyptian Government are active in this connection but they are handicapped by legal disabilities.

The Customs and excise duties on alcoholic beverages are already high and any further increase would be likely to defeat its object of increasing revenue, and would merely result in penalising shippers and importers.

Woollen Piece Goods.—The total value of the imports into Egypt of woollen piece goods of pure wool and of wool mixed with cotton amounted to £E.658,000 in 1935 and rose to £E.962,000 in 1936, a notable increase of £E.304,000 or 46 per cent.

The United Kingdom's share of the trade in 1936 amounted to 53.7 per cent., an increase of 38.2 per cent. compared with her share in 1935, while Japan's participation of 24.1 per cent. in 1936 showed a significant increase of 70 per cent. as compared with 1935. On the other hand, Italy's share of the trade, which was 7.5 per cent. in 1935, dropped to 1.2 per cent. in 1936 which must be attributed to the operation of sanctions and to unsettled conditions in that country owing to the Abyssinian campaign. Statistics of imports of pure woollen goods and mixed woollen and cotton goods will be found in Appendices XII and XIII.

The remarkable increase in this trade is attributed to the more prosperous conditions prevailing in Egypt since 1933 and to the consequential enhanced spending powers of the population.

In April, 1936, the Egyptian Government modified the Customs duty on woollen piece goods from an *ad valorem* to a specific duty, a welcome change to all manufacturers of high-class wares and to consumers of the latter since they derive the benefit of not having to pay in increased Customs dues for the fact that, weight for weight, the better the yarn in the cloth, the more expensive the latter becomes. Hence at a same price level Egyptians are to-day getting a better and warmer article for their money, not a matter of no moment for Egypt has three or four months of cold weather when woollies and tweed-bred warmth are welcome.

One unintentional result, arising from a drafting inadvertence, has been that woollen textiles containing an admixture of cotton (wool predominating) are dutied at a lower rate than goods of equal weight manufactured of pure wool. This modification has had the effect of greatly increasing the imports in 1936 of woollen fabrics mixed with cotton. Thus it will be observed from Appendix XIII that imports from the United Kingdom of woollen fabrics mixed with cotton rose from £E.43,000 in 1935

to £E.224,000 in 1936, and that similar imports from Japan which amounted to £E.3,000 in 1935 increased to £E.87,000 in 1936. The matter will doubtless be remedied before long as a certain loss of revenue is entailed.

Prices of pure woollen fabrics at the latter end of 1936 did not differ much from quotations during the same period in 1935, but as a result of the abovementioned tariff change the prices of woollen fabrics mixed with cotton showed a reduction.

Woollen fabrics containing not more than 10 per cent. of artificial silk now pay approximately double the duty levied on fabrics of wool containing cotton, a position which is reflected in the price, and there is a tendency to substitute mercerised cotton in the place of artificial silk for the stripes and decorations in woollen cloths.

V.--INDUSTRY AND PRODUCTION.

General.—The industrialisation of Egypt has today attained a not inconsiderable degree of development, particularly in respect of those industries based on the conversion of local raw materials. Thus Egypt, by nature designed to be self-supporting in food, has by industry perfected this independence in regard to sugar, has attained a similar situation in regard to cement, and will shortly be in the same position in the matter of clothing. The sound economic basis of such industries and of any others which can set before the local consumer a locally manufactured commodity cheaper or not dearer than its imported equivalent cannot be disputed.

The Egyptian Government, has however, for some years been pursuing a considered policy of protection to nascent and existing local industries by the raising of the tariff wall at the particular points desired to a level which enables the local industry to compete with an imported commodity.

The progress registered in the industrial development of Egypt since the Great War is indicated by the fact that the Egyptian Federation of Industries, founded in 1922, now numbers about 430 members having a capital of approximately £E.120 millions and employing over 250,000 workmen representing a total annual wage bill estimated at £E.6 millions, whereas in 1923, the year following its foundation, the Federation only counted 55 members.

In addition to the foregoing there are a large number of concerns that are not members of the Federation, so that in the aggregate the industrialisation of Egypt is beginning to assume important proportions.

The following list of articles manufactured in Egypt is not necessarily exhaustive and is constantly susceptible of extension:—

Cotton, flax, rayon, and silk textiles; woollen blankets; knitted goods; boots and shoes and all kinds of leather work; bedsteads; steel furniture for apartments, offices, and hospitals; steel safes; hardware (taps, locks, bolts, etc.); enamelled iron hollow-ware; ice-chests; cast-iron drain pipes; sanitary fittings; pottery and stoneware; glassware; brooms and brushes; cosmetics, soaps, and lotions; chemical products; polishes; rubber-ware; electrical goods such as lamps, bulbs, switches, insulating tubes, etc.; motor car batteries; cement; stationery, book-binding and printing; toys and playing cards; coachwork (bodies for omnibuses, cabs for lorries); furniture (wooden and metal tubular); cinematograph plays; jewellery; copper and brass ware (household and ornamental); rugs and carpets; ready-made clothing and underwear; tarboushes and ladies' hats; canvas and hessian; ropes, cord, and twine; barges and river-craft; buttons; belting (machinery); cigarettes; camping equipment; sugar; wines.

The stimulus provided to local industry as a result of the revised 1930 Customs Tariff has not abated, and has helped to encourage the development of new industries and to foster those already in existence. Moreover, the activities of the *Misr industrial group, have served to lead the way in certain fields in the industrialisation of Egypt.

Government Advances to Industry.—With the object of assisting nascent local industries, the Government some years ago opened a special account in the Bank Misr from which advances could be made subject to certain conditions. The opening amount was £E.100,000 which has since been increased from time to time until at the end of 1936 the sums advanced had exceeded £E.1 million in total.

Industries which have been helped by Government loans include the following:—Spinning and weaving mills, flour mills, brick works, oil-pressing, cigarette-making, brush-making, sock-making, dairying, printing, dyeing, leather tanning, cotton ginning, ice-making, transport and navigation, plaster and cement works, paving tiles, pottery, carpentry and cabinet-making, fishing, manufacture of chemicals, iron working and forging, preparation of foodstuffs, manufacture of photographic materials, production of cinematographic and radio programmes, rug- and carpet-making, glass-making, rice-hulling, etc.

There remained the question of assisting certain would-be industrialists of small calibre, notably graduates from the industrial schools, who have been unable to furnish the Bank with the

* The Bank Misr, which has the support of the Egyptian Government, has subsidiary companies concerned in a variety of industrial and commercial undertakings, including the ginning and export of cotton, the manufacture of cotton piece-goods, silk goods and linen goods, insurance and shipping, airways, printing, the theatre, fisheries, and tobacco and cigarettes.

required guarantees. In order to help such persons, a credit of £E.5,000 was opened at the Bank out of which loans not exceeding £E.100 were to be made subject to modified conditions. The considerable demand for such loans necessitated the request by the Ministry of Commerce and Industry for a further £E.5,000, subsequently increased to £E.10,000. It is stated that 163 graduates were assisted under this scheme.

XVth Agricultural and Industrial Exhibition.—Organised by the Royal Agricultural Society, this Exhibition was officially opened on the 15th February 1936, by Prince Mahomed Aly Hassan representing the late King Fuad I. All phases of the agricultural and industrial life of the country were shown, and the pavilions and stands of numerous Government Departments and the industrial companies promoted by the Bank Misr occupied a considerable part of the exhibiting space available.

A variety of articles made in Egypt were exposed for sale by private retail exhibitors, and the designs and finish of these exhibits appeared in many cases to approximate to European standards. Amongst these were leather goods of various kinds, textiles, socks and other articles of hosiery, furniture or modern design (both wooden and tubular), inlay and marquetry work in wood, rugs, ceramics, decorative and sheet metalwork, wrought iron-work, sanitary appliances, soap, and confectionery and chocolate. Particularly noticeable was a fine display of cotton cloths manufactured by the Misr Cotton Spinning & Weaving Company and of furniture produced by the Prisons Department.

There was also a good display of agricultural machinery, pumps, etc., arranged by the representatives of various well known United Kingdom, U.S.A., and Continental firms.

The exhibition remained open for two months, closing on the 15th April, 1936.

Co-operative Societies.—The Co-operative Section of the Ministry of Agriculture is a State organisation acting as a general co-operative headquarters, created for the purpose of carrying out propaganda work for the movement, supervising the work and auditing the accounts of the co-operative societies, and advising them generally.

This Section also instructs the public in the doctrine and methods of co-operation, as well as helping them in the formation and proper management of societies, the objective of which is to improve the material and social condition of the people.

Agricultural co-operative societies provide seed, fertiliser, and forage to their members either against cash payment or by extending credit facilities to them. In certain instances the societies provide household goods; in others they market vegetables, fruit, potatoes, and cotton, fumigate their members'

gardens, establish dairies, etc., and advance short or medium term loans for agricultural development at a rate not exceeding 7 per cent. Most of these societies set aside a part of their profits each year to be spent for social improvements, i.e., village reform, education, hygiene, etc.

Consumers' societies assist their members to get direct from the source of production whatever goods of quality they need.

Workers' co-operation societies help to market their members' goods to the best advantage and provide heavy equipment which individuals would not be in a position to afford.

The Agricultural Credit Bank of Egypt supplies the agricultural co-operative societies with seed and fertiliser on credit, loans for agricultural operations, movement of crops, and purchase of cattle, payable in three annual instalments, and loans for buying agricultural machinery and building dairies. The Bank releases its societies from its rule restricting loans for cotton planting and picking to smallholders alone, and from the rule limiting the maximum quantity of cotton on which secured loans can be given. The Bank has the right to recover its loans by administrative methods.

The Bank extends certain privileges to co-operative societies, viz., 5 per cent. reduction on prices of seed and fertiliser, and a rate of interest of 2 per cent. less than that charged to individuals. Thus, the rate charged by the Bank to co-operative societies on short-term loans is 4 per cent., and on long-term loans 5 per cent.

During 1935 66 new co-operative societies, with a membership of 2,442 and a capital of £E.5,140, were founded; in 1936, 39 were founded with a membership of 1,312 and a capital of £E.3,374 and at the end of 1936 there were 741 societies in existence in Egypt with a total membership of 75,000 and a capital of £E.220,000. These figures prove that the movement, which is stated to have given satisfactory results, is making steady progress.

Petroleum.—The Co-operative Society for Petroleum entered the market in 1936 and, having built a small installation at Alexandria, began to receive their first supplies from the Prahova Company in Rumania (a subsidiary company of the Azienda Generale Italiana di Petroli) at the end of May 1936 and commenced marketing their supplies on the 1st June 1936. Their original object, as in other branches of the Co-operative Society movement, was to supply only their own members, or those of the agricultural co-operative societies, at prices below those fixed by the major companies operating in Egypt. The Society realised shortly that the prices fixed by the petroleum companies left little or no margin above the actual delivered cost price of the products in this country, and was, therefore, compelled to follow the prices ruling on the market.

In September 1936, the Society found it was necessary to apply to the Government for a subsidy and it was agreed, in principle, to grant them a certain sum towards their overhead expenses, which were then estimated at £E.6,000 per annum, provided that the Government was not called upon to share in any loss sustained by the co-operatives as the result of competing against the petroleum companies.

Although the statutes of co-operative societies do not allow of any sales being effected to non-members, a clause in the regulations permits the sale to the public of any surplus quantities left over after members' requirements have been met. Taking advantage of this clause, the Co-operative Society for Petroleum began to sell freely: from the 1st June to the 31st December 1936, the sales amounted approximately to 4,300 tons of kerosene and 2,100 tons of black oils.

Up to the end of December, the Society had disposed of 4,750 shares at £E.4 per share, representing £E.19,000, which sum constituted their capital.

The Co-operative Society for Petroleum are represented in some seventy or eighty towns and villages of Egypt.

Local Industries.

Bedsteads and Wire Mattresses.—The Egyptian bedstead and wire mattress industry dates back to about 1911 since when it has been steadily improving. The import duty which previous to 1930 was 8 per cent. *ad valorem* was raised in February 1930, to 15 per cent. and again in June 1932, to 20 per cent. Whereas in 1928 the imports of foreign made bedsteads and wire mattresses into Egypt were valued at £E.134,977, of which the United Kingdom supplied £E.71,462 and Germany £E.41,836, imports during recent years have been to the value of a few thousand pounds only, the total value in 1936 being £E.4,503.

There are three factories in Cairo and two in Alexandria as well as a number of small workshops engaged in the manufacture of bedsteads and wire mattresses. The most important of these is one in Cairo which is equipped with modern machinery, and where skilled foreign technical experts are now employed. Labour is locally recruited.

The value of the annual production of bedsteads and wire mattresses, which is sufficient for the requirements of the country, is estimated at £E.100,000. The quality of the output of the various factories and workshops varies to a great extent, but, whilst some of the articles manufactured are of inferior quality, they are nevertheless very cheap, and consequently find a ready sale among the poorer classes of the population. On the other hand, some of the bedsteads turned out by the more important

concerns are of good design and workmanship. Patterns and styles vary a great deal in view of the cosmopolitan tastes of the inhabitants.

Raw materials are imported from England, Germany, and Belgium. The wire in general use for the manufacture of mattresses is Birmingham wire gauge No. 20 which comes from Germany. This wire is shipped in barrels 200/250 kilograms each and in coils weighing 25 kilograms.

Blankets—Woollen and Cotton.—The Egyptian blanket industry has steadily progressed, and the added impetus given to it by the Egyptian Government through the raising of the import duty on this commodity in 1932 has placed it in the happy position of being able to supply a large proportion of the requirements of the country. Consequently, whilst formerly blankets of all categories were imported from the United Kingdom, Tunisia, France, Italy, and Belgium, local industry now supplies the bulk of the country's requirement in third quality blankets and part of the demand in the second quality, and only fine quality pure woollen blankets are now imported, mainly from the United Kingdom and Tunisia.

The value of the total imports of woollen blankets in 1929 amounted to about £E.129,000, of which imports from the United Kingdom were valued at £E.43,000 and from Tunisia at £E.39,000. In 1936 this import trade had declined to £E.43,000, of which the United Kingdom's share amounted to £E.24,000, and that of Tunisia to £E.8,000.

Imports of cotton blankets similarly declined from £E.66,000 in 1929 to £E.3,000 in 1936.

There are several factories in Alexandria manufacturing on modern lines blankets made of a mixture of cotton and wool in approximately equal proportions. The output is at present confined to second and third quality blankets made from locally spun cotton and wool yarn. Red blankets and white blankets of mixture and pure woollen blankets are not manufactured in Egypt.

Beer Brewing.—Local production of beer in 1936 amounted to 54,000 hectolitres. The industry has been long established in Egypt, having been in existence since 1889 at least. Heavy increases were made in the customs and excise duties on beer in and since February 1930, and these appear to have reduced the import trade and consumption of beer, stout, etc. Absolute figures for comparison are unobtainable owing to the fact that the unit of import employed by the Customs Authorities has undergone several changes. Nevertheless figures prepared by the trade, using as a common denominator the hectolitre, indicate that the average annual imports during the seven years 1923 to 1929 inclusive were 57,000 hectolitres, and during the

seven years 1930 to 1936 only 38,000 hectolitres. The average annual local production during these two seven-year periods was respectively 71,000 hectolitres and 51,000 hectolitres, giving an average annual consumption for the years 1923 to 1929 of 128,000 hectolitres and for the years 1930 to 1936 only 90,000 hectolitres, a difference of 38,000 hectolitres.

The trade may, therefore, be excused for doubting whether, from the point of revenue, the increase in the rates of customs and excise duties has been justified.

Imports of beer, stout and ale in 1936 were valued at £E.92,000 (41,000 hectolitres), of which £E.54,000 (23,140 hectolitres) came from the United Kingdom.

Brick-making.—The growth of the population and returning prosperity have led to the increase of this industry, as has the fact that the use of stone as the material for construction is on the decrease, its place being taken by bricks which are used to fill in the intervals between ferro-concrete pillars.

Three types of brick are manufactured in Egypt, namely:—

The hand-made, clay, baked brick, made of any variety of clay or Nile silt and baked in primitive kilns.

Machine-made, clay, baked bricks are manufactured by five well-known brickworks in Egypt, each one of which has an annual output of from three to eight million wire-cut bricks.

Silico chalk, steam baked "sand" bricks are made of lime and sand and baked in autoclaves under steam pressure by two factories in the Cairo neighbourhood, with a total annual capacity of 80 million bricks.

A rough estimate of Egypt's expenditure on bricks is £E.200,000, about 35 per cent. of which is spent by Cairo and district.

Cement.—This important local industry seems to have been founded about 1900 at Massara, near Cairo. During the Great War this factory produced approximately 24,000 tons annually. Subsequently, two large modern factories were established, the one at Tura and the other at Helwan, close to Cairo, where the necessary raw materials are found in the near-lying Mokattam hills. The production of these factories has gradually increased until in 1936 it had reached 372,000 metric tons, which was disposed of through a central selling organisation. The growing consumption of cement is due not only to private building activity but also to the important public works connected with the irrigation system of the country which are carried out by the Government at more or less regular intervals. A steady decline in imports has taken place in recent years, due to the progress made by the local industry, encouraged as it is by the Egyptian Government, which stipulates in all important contracts for public works that preference will be given to tenders specifying the use of Egyptian cement.

Customs duty on imported cement and a high freight rate for transport by rail from the port of discharge to interior destinations also operate in favour of the local product.

Imports of cement into Egypt, which in 1929 amounted to approximately 270,000 tons, have steadily declined and in 1936, amounted to 34,566 tons only (£E.52,705), of which the United Kingdom supplied 6,875 tons (£E.12,720).

Local output in 1929 was 68,000 tons but had risen in 1936 to 372,000 tons, which, added to the imports gives a total consumption of 407,000 tons, a figure somewhat higher than the consumption of previous years.

Cigarettes.—The manufacture of Egyptian cigarettes for domestic and foreign consumption is one of the oldest and most important industries in Egypt. By reason of the amount of capital invested, the numbers of workers engaged, and the fiscal returns, it occupies a special place in the national economy. Nearly £E.6½ millions were derived in the financial year 1935-6 from the import duty on tobacco. Recent statistics are not available regarding the number of workers engaged in this industry, but it has been estimated that this is approximately 10,000 to which must be added the large numbers of workers engaged in the wholesale, retail, and export handling of this commodity.

With regard to the value of the goods produced, in the absence of industrial statistics it is perhaps sufficient to note the quantity and value of tobacco imported which amounted to 5,197,620 kilograms nett worth £E.535,861 in 1936. To this must be added the large sums expended in cigarette paper, cardboard for the various kinds of boxes, packing paper, and salaries and wages in order to obtain an approximate idea of the value of this industry.

The consumption of cigarettes is very elastic. Apart from the large towns, the mass of the population regulates its purchases upon the periods and the results of the various crops. There are thus two main periods of activity, the first in November after the main sales of cotton, and the second and less important in May after the sales of cereals, etc. Variations in agricultural revenues are faithfully reflected in the consumption of cigarettes, and during the period of the last depression, 1929-33, the decrease in general public purchasing power was keenly felt in this industry. An improvement has gradually taken place since 1933 and the ground lost during the crisis is now being regained.

The industry depends mainly upon local consumption, exports playing a relatively unimportant part, so that the prosperity, or otherwise, of the country is an important factor. The increase of approximately 1,700,000 in the population of the country during

the last decade coupled with the undoubted recent improvement in the economic and financial situation promises well for the future of the cigarette-manufacturing industry.

The old method of making cigarettes by hand is now only utilised in the case of certain *de luxe* brands, up-to-date machinery now being installed in the factories.

Certain brands of Virginian cigarettes, formerly imported from the United Kingdom, are now being made in Egypt by the local branch of an Anglo-American combine, whilst other brands of locally blended Virginian cigarettes make their appearance on the market from time to time. This local manufacture of Virginian cigarettes coupled with increased imports of such brands would seem to indicate that the public taste is gradually changing to some extent.

The subjoined table shows exports of cigarettes from 1928 to 1936 and the decline that has taken place during that period.

(In £ Egyptian.)

Year.	Exports of Cigarettes.				
	Total.	United Kingdom.	Nether-lands.	Dutch East Indies.	Hedjaz.
1928	341,140	24,000	71,000	107,000	30,000
1929	339,868	21,000	86,000	95,000	21,000
1930	246,886	17,000	67,000	77,000	23,000
1931	242,979	16,000	89,000	59,000	12,000
1932	222,535	12,000	113,000	33,000	6,000
1933	236,853	12,000	133,000	26,000	3,000
1934	202,524	12,000	105,000	22,000	3,000
1935	216,876	10,000	123,000	11,000	5,000
1936	162,261	9,000	89,000	8,000	5,000

It will be observed that from £E.341,140 in 1928 the value of exports gradually dropped to £E.162,261 in 1936 owing to reduced takings by the United Kingdom, Dutch East Indies, and the Hedjaz. This was equivalent to a loss of 52.5 per cent. Exports to the Netherlands have followed a boomerang course, rising from £E.71,000 in 1928 to £E.133,000 in 1933, an increase of £E.62,000, and then rapidly dropping to £E.89,000 in 1936. The decrease in the exports of cigarettes from Egypt would appear to be mainly due to the adoption of protective duties (designed to shelter a new domestic industry) by the countries who formerly imported most of their requirements from Egypt, and who now manufacture their own cigarettes.

The following tables show (a) the value of imports of cigarettes during the last five years, and the United Kingdom's share, and (b) the quantity and value of imports for the same period of tobacco leaf for the local cigarette-manufacturing industry.

Imports of Cigarettes.

Year.	Total.					United Kingdom. £E.
	£E.					
1931	49,014	45,401
1932	62,539	56,492
1933	61,124	53,440
1934	65,636	59,440
1935	84,793	76,277
1936	127,248	113,388

Imports of tobacco in leaves (common).

Year.	Quantity.		Value. £E.
	K.N.		
1931	...	5,610,466	773,267
1932	...	5,149,358	667,422
1933	...	4,872,159	499,464
1934	...	5,039,294	494,048
1935	...	5,183,216	548,038
1936	...	5,197,620	535,861

Cotton Ginning.—There exist roughly 100 ginneries of various sizes in Lower Egypt, and about 45 in Upper Egypt, although a fair number, especially in Lower Egypt, have been abandoned. However, the construction of new factories ceased in 1926, and, with one notable exception (at Minia), has not recommenced.

The small factories, which run on much lower overheads, started cutting prices in response to offers by merchants to provide a minimum quantity for ginning, in return for lower rates. Other factories, with more modern machinery and higher fixed overheads, could only meet this by budgeting for a larger turnover and were obliged to attract potential clients by cutting their rates even lower. This rate war continued until factories were (and still are) ginning for little more than the actual cost of the materials used. Finally, towards the end of 1936, feelers were extended to test the reactions of factory owners to the formation of a pool, to operate at a fixed rate applicable to all members. It was quickly seen that Lower Egypt presented more difficulties than Upper Egypt, and it was decided to experiment with the latter, leaving the former to judge by the results obtained, and to fall into line later, if it so desired.

The representatives of the cotton ginning factories of Upper Egypt assembled in Cairo on the 14th May and, following considerable discussions, eventually signed on the 18th May the agreement constituting a pool which would bind all the ginning interests in Upper Egypt.

Cotton Pressing and Baling.—Practically the whole of the Egyptian cotton crop, after having been made up at the ginning factories in the Interior into lightly pressed bales of 800 or 900 lbs. each, and measuring about 60 cubic feet, is sent to Alexandria to be prepared for export.

This preparation entails breaking up the bales by hand, the formation of lots of even running quantity and grade, and the removal of anything in the nature of foreign matter which would cause trouble in spinning. The cotton is then baled for export in powerful and rapid presses which turn out per hour up to seventy-five bales weighing on an average 758 lbs. gross or 736 lbs. nett.

Four pressing companies with a combined nominal capital of £E.754,000 are engaged in baling cotton for export in Alexandria, but the value of their assets in land, building, and machinery is probably three times that sum.

They are regular buyers of fuel (coal and oil), steel baling hoops, and malleable iron baling studs. Of these, the most important item is that of hoops of which they import 9,000 to 10,000 tons per annum.

Earthenware and Stoneware.—The earthenware and stoneware industry has made rapid strides since its first establishment more than twenty years ago at Lord Cromer's prompting, with the result that to-day there are several factories in Egypt manufacturing clay goods of every description, in particular machine-made red bricks, roofing tiles, blue vitrified bricks, refractory materials, enamelled fireclay sanitary and domestic appliances, earthen and stoneware pipes and fittings, wall and paving slabs, art terracotta, etc.

Of the several factories established one is of outstanding importance—the one set up under Lord Cromer's impulsion. It is run on most modern and up-to-date methods and employs approximately 1,000 hands. This factory is not working at full capacity, and the daily output could, if required, be increased very considerably.

Competition from the United Kingdom is not severe, though this is not the case as regards other countries, like Japan and Czechoslovakia who export low-class articles which are sold at low prices. Notwithstanding this competition the local industry is slowly capturing the market as the result of cheap labour, first quality clay which is obtainable in Egypt, and, last but not least, adequate Customs protection afforded to this industry by the Egyptian Government.

Local earthen and stoneware products which are constantly being improved compare very favourably in quality with similar imported goods.

To-day the requirements of the country in respect of red bricks and roofing tiles are supplied by the local industry, and imports of these products are now reduced to a minimum.

The production of fireclay sanitary appliances and wall and paving tiles is a new branch which was started locally in the environs of Cairo in 1934. The goods produced are of a satisfactory quality and are accordingly gaining ground gradually.

The subjoined table will serve to indicate approximately the extent of local production in 1935 and 1936 as compared with imports during those two years in respect of certain earthenware products.

Year.	Fire Bricks.		Blue Bricks.		Stoneware Pipes.	
	Local.	Imported.	Local.	Imported.	Local.	Imported.
1935 ...	£E. 18,000	£E. 14,196	£E. 8,500	£E. 1,525	£E. 20,000	£E. 3,116
1936 ...	16,000	11,296	8,000	870	27,000	4,206

Fisheries.—The Egyptian Government has for some time past taken a keen interest in the fishing industry, and the Misr Fisheries Company was established by the Bank Misr with a capital of £E.20,000 for fishing in the Red Sea, and for the extraction and manufacture of by-products of this industry.

Sea-fishing includes prawns, sea bass, sea bream, grey and red mullet, maigre, sea perch, soles, and lastly sardines which swarm on the Mediterranean coasts of Egypt in enormous numbers at certain seasons of the year and form the staple catch of the Rosetta, Abu Kir, and Alexandria fishermen.

There are four lake systems in the Delta adjoining the sea coast which are extensively fished. Going from east to west they are: Lake Menzala (with Port Said and Damietta on its eastern and western extremities), Lake Borollos (with Rosetta lying between it) and Lake Edky, and Lake Maryut on the western shores of which Alexandria stands. In the first three Lakes *tilapia* and grey mullet (*mugil capitalis*, *incephalus*, and *insalagens*) are obtainable, whilst *tilapia* alone is found in Lake Maryut.

Fishing as a local industry is also carried on in Lake Karoun which is immediately to the north of the Fayoum and some seventy miles south of Cairo.

Carp, catfish (*bugrus-Bayad*), eel (*clarias anguillaris*), a species of *symodonitis*, and a few other varieties are obtainable in the river Nile.

The Misr Fisheries Company has also a factory at Suez for the manufacture of buttons from sea-shells. Notwithstanding that this is a new industry in Egypt, considerable progress has been made, and at present the factory at Suez turns out 4,800 dozen buttons *per diem*. The outturn of this factory is, however, still limited to a few varieties of buttons and in consequence imports from other countries are considerable, and particularly so from Japan which has recently been swamping the local market with extremely cheap buttons. Imports of buttons amounted to £E.39,408 (99,685 kilograms nett) in 1935 and £E.38,365 (102,133 kilograms nett) in 1936.

Footwear.—The local industry in boots and shoes now forms by far the largest and most important factor in the footwear market throughout Egypt. Production is increasing yearly at the expense of the imported article, and, though the different lines marketed are not of such good quality as the imported product, yet there is a steady improvement in this respect which is likely to be maintained. In any case, the extraordinary difference in price owing to the high tariff barrier more than offsets the poorer qualities of the locally produced article.

Statistics of the imports into Egypt of footwear of all kinds for the years 1929 to 1936, inclusive, will be found in the following table:—

yr.	United Kingdom.	Czecho-slovakia.	France.	Germany.	Japan.	Total (including other countries).	Total pairs of boots and shoes.
9	£E. 91,250	£E. 70,291	£E. 57,050	£E. 45,245	£E. 356	£E. 337,679	1,498,141
0	67,390	63,406	39,239	42,833	2,403	287,566	1,318,302
1	30,544	43,005	15,969	9,730	8,493	130,126	577,164
2	7,443	39,817	4,547	3,427	11,787	73,570	411,805
3	4,826	18,077	6,686	1,414	12,763	48,927	427,788
4	4,327	20,529	1,056	765	18,809	48,496	598,870
5	4,666	24,420	735	819	24,516	59,353	798,239
6	2,620	18,883	374	—	19,147	58,872	711,394

Notes.—1936.—Full details in respect of imports from the various countries are not given. Japan's increase is in rubber-soled shoes.

From a study of these figures several interesting points attract attention. Thus, it will be observed that the total value of imports during 1929 amounted to £E. 337,679 (1,498,141 pairs) and dropped to £E. 58,872 (711,394 pairs) in 1936. The United Kingdom's share of the trade decreased from £E. 91,250 in 1929 to £E. 2,620 in 1936, Czechoslovakia's trade fell from £E. 70,291 in 1929 to £E. 18,883 in 1936, and France's trade fell from £E. 57,050 in 1929 to £E. 374 in 1936.

On the other hand imports from Japan steadily increased from £E. 356 in 1929 to £E. 24,516 in 1935 and, although the total value of the imports decreased by 82 per cent. the decline in the number of pairs of boots and shoes was only 48 per cent., and not in proportion to the value registered in former years.

The increase in Japan's trade is almost entirely due to imports of large quantities of machine-made canvas shoes with crêpe soles, in which particular trade Japan was able to surmount the high tariff barrier imposed by the Egyptian Government and to combat competition from other countries. This accounts for the surprising increase in the totals of pairs of boots and shoes in

1934, 1935, and 1936, a movement now, it would seem, on the wane again. Her trade, however, dropped from £E.24,516 in 1935 to £E.19,147 in 1936, a decrease of £E.5,369, which is due to the fact that local industry has now turned its attention to the production of canvas shoes with crêpe soles, whereas before only boots and shoes with leather soles were made in Egypt. Imports of other kinds of shoes from Japan never amounted to any great quantities.

A large number of factories are scattered about the country, notably at Cairo, Alexandria, and Damietta. The majority are small concerns employing a few workmen only.

It is interesting to record that a few years ago an attempt was made to manufacture boots and shoes on a large scale. A factory was equipped with up-to-date plant, but notwithstanding a substantial increase of capital at a later date it has been found difficult to compete against the very numerous small producers with limited overhead expenses.

At the present moment, however, it is credibly reported that a well-known Continental firm of footwear manufacturers have obtained the authority of the Egyptian Government to erect a factory in Egypt. With great experience of this trade on a large scale behind it, it is possible that this venture—which will aim, it is understood, at production for both local consumption and export—may meet with better results, but doubtless they also will be faced by the severe competition of the smaller concerns.

Furniture.—(a) *General*.—From a commercial point of view the Egyptian furniture industry has progressed very considerably since its early beginnings in post-war years, and it is authoritatively contended that in a few years' time local production will meet the entire requirements of the country. It is estimated that at present about four-fifths of the consumption is met by the local industry, while the balance is imported from abroad.

(b) *Wooden furniture*.—The chief manufacturing centres producing furniture in sufficient quantities for distribution to various towns in Egypt are Cairo, Alexandria, and Damietta. There are, however, numerous small workshops and independent cabinet-makers in every town in Egypt.

The value of the annual production of the more important factories (which number about eighteen) and of the output of the small concerns and cabinet-makers is roughly estimated at about £E.200,000, but it is increasing yearly owing to the facts that the population of the towns is rising, and that the poorer classes in the villages are beginning to use more furniture in their homes. Moreover, since the introduction into Egypt of plywood—which lends itself to the manufacture of plain modern

furniture, the actual costs of production have dropped considerably, bringing the use of furniture nearer the means of those who formerly could not afford to buy more than the barest necessities.

In general, locally-made furniture is of a moderately high standard. Designs, which usually take the form of copies from catalogues and from imported articles, are fairly true to type, but the finish is relatively poor. Unseasoned wood is unfortunately commonly used as few of the manufacturers can afford to carry stocks of wood, and consequently only purchase their immediate requirements from timber merchants. It must not, however, be supposed that high class furniture cannot be made in Egypt, for among the many there are a few highly skilled cabinet-makers.

The advance made by the local industry began to affect imports from abroad about twelve years ago. In 1931 imports were valued at over £E.100,000 but by 1936 they had declined to about £E.51,000. In this latter figure is included about £E.22,000 representing the value of bent wood chairs, the local manufacture of which is only now being attempted in any great quantity.

The wood most commonly in use is oak, beech, and mahogany imported from Italy, Czechoslovakia, Hungary, Yugoslavia, Rumania, the United States of America, and Japan. Formerly walnut was imported from Turkey. Plywood is imported mainly from Poland, the U.S.S.R., and Italy: metal fittings are from Germany.

(c) *Metal Furniture*.—The local production of metal furniture made from iron and steel sheets has not progressed to the same extent as the manufacture of wooden furniture inasmuch as it is more difficult to produce, and requires the use of special and costly machinery. An appreciable advance has, however, been made since this industry began in 1927, and the value of local production in this line may now be put down at about £E25,000 to £E.30,000. Imports from abroad during 1936 were valued at about £E.15,000.

There are about three fairly important factories in Cairo and one in Alexandria, as well as a large number of small workshops, engaged in this industry. Generally, production is confined to simple articles, but at least one of the factories is equipped with modern machinery and is able to produce various types of hospital and office equipment. This factory was established in 1930 and employs foreign experts. Semi-skilled labour is locally recruited.

(d) *Tubular metal furniture*.—Notwithstanding the increasing use of the modern styles of furniture due, among other reasons, to its ease of construction and low cost of production, tubular

furniture is falling out of favour, and the vogue which was at its highest during 1931 to about 1933 is dying out. It is, however, still manufactured locally in small quantities.

Glass Industry.—The old Egyptian industry of glass-blowing has attracted the attention of the Egyptian Government in recent times with the result that in 1934 the latter established an experimental factory in Cairo on modern lines with a view to training skilled workmen who would in time help to create other manufacturing centres.

At Shubra (Cairo) lamp chimneys, small tea-tumblers, and medicine bottles (and various other articles in lesser quantities) are manufactured by an Egyptian company mostly for local consumption though small quantities are now exported. This factory has an up-to-date plant which is in course of being doubled, and employs about seventy skilled Czechoslovakian workmen and some two hundred Egyptians whom it is hoped gradually to train in this highly specialised craft.

Sand, one of the eight components requisite for the manufacture of the kind of glass made at Shubra, is obtained from Belgium. Good sand of similar type is to be had in the Sinai peninsular (i.e. within Egypt), but it has to undergo various preparatory processes which in the end make it dearer than Belgian sand brought from Antwerp in sailing vessels. The cost of importing this sand is approximately £E.1 per ton delivered in an Egyptian port. In 1936 some 600 tons were thus imported, but no records are available of imports before that year. Soda used in the manufacture of glass is at present imported from abroad.

The total value of the imports into Egypt of glass of all kinds, including tiles, pantiles, plate glass, window glass, reflectors and lamp shades, bottles and flasks, table and toilet glassware, as well as all other kinds of special glass, amounted to £E.662,495 in 1935 and £E.570,138 in 1936. The imports of lamp glasses (chimneys) and tumblers, in which particular lines the local industry is making headway, accounted for £E.42,774 in 1935, and £E.40,826 in 1936, of the total imports. Lamp glasses were imported mainly from Czechoslovakia and Germany, and tumblers from Belgium and to a lesser extent from Germany and Japan.

The Shubra factory at present produces about fifteen million lamp chimneys against the country's consumption of twenty millions. When, however, the extension of the works, now well forward, has been completed, and the new unit has come into play, Egypt's own requirements in lamp glasses, small tea-tumblers (both greatly used by the fellahs), and certain types of medicine bottles will

be wholly covered by the output of this factory. The present production in terms of molten glass is five tons daily which will be doubled when the new unit is working.

There are two other factories in the country using broken glass as their raw materials, one at Cairo, and one at Alexandria, the latter having an output of one ton of molten glass a day.

This industry has also received support from the Government in the shape of an increased tariff.

Knitted Cloth.—The local industry for the production of knitted cloth and hosiery for the manufacture of underwear and socks and stockings is increasing yearly to meet the requirements of the country.

In addition to a number of small factories where most of the knitting is done by hand, there is an up-to-date factory in Alexandria with a capital of £E.80,000 employing about 560 workers. The plant, which is driven by a 60 horse-power plant, comprises 420 machines for the manufacture of underwear (flannels and drawers) and 80 knitting machines for socks and stockings.

This factory's annual output is estimated at 96,000 dozen pairs of socks and stockings and 72,000 sets of underclothes. Of the raw material required, coarse cotton yarn is purchased from the local spinning mills, fine cotton yarn (spun from Egyptian cotton) and wool yarn from the United Kingdom, and rayon yarn from both the United Kingdom and Germany.

In general the quality of the output is somewhat coarse, but it should be borne in mind that the articles are produced for a market where the purchasing power of the individual is still extremely low, and where taste for fine quality articles has not yet developed to an extent comparable with other countries. A few articles of high quality are produced but they form at present only a small part of the general production.

Milling.—(a) *Wheat Milling.*—Absence of statistics of flour production and flour consumption in Egypt make it impossible to examine this industry with any degree of accuracy.

Egypt has from of old been liberally equipped with stone flour mills, some of which of considerable importance have been located in the large towns, whilst the majority have been scattered all over the country. Amongst the latter were to be found many "family" mills which merely ground for the needs of their owners and the latter's dependents.

Following the setting-up of a protective tariff against wheat and flour in 1932 several modern steel roller mills were established. Simultaneously, wheat-growing was extended and the local crop became sufficient for home consumption which amounts to about 900,000 tons.

During 1932 and 1933 satisfactory profits were earned by these modern mills, and 1934 held out similar prospects, but intervention in the wheat market by the Government which imported and sold Australian wheat below the price of local wheat brought about a fall in prices which resulted in losses for the new mills extending into 1935. The position for millers was not improved by the appearance of further new mills in 1935 and 1936 and by the modernisation in some cases of existing mills. The result has been that, with stocks depreciated by State intervention and faced with competition developing with unhealthy rapidity, the milling industry, whilst having assumed considerable importance in the short space of six years, cannot be said to be in a prosperous state. It claims, in fact, during the last three years to have had difficulty in securing a return of from 3 to 4 per cent. on the capital invested therein.

Prospects for the wheat milling industry are, consequently, uncertain. If a check to the building of new up-to-date mills were now to set in, the modern ones already in existence, which are working well below capacity, would be able to take advantage of a rapidly rising population and of a gradually improving standard of life. To a certain extent the control of the future will doubtless lie with the millers. If they aim at moderate profits and follow a policy calculated to assist Government in maintaining a reasonable price for bread, prosperity may return to this field of industrial effort.

The price of local white flour made from a mixture of "Hindi" wheat from Upper and from Lower Egypt dropped more or less steadily throughout 1935 and 1936.

In 1935 the price fluctuated downwards over all from P.T.106 to P.T.101, and in 1936 from P.T.100 to P.T.89. The maximum figure recorded was P.T.107, at which price the ton of Egyptian flour stood at £E.15·85, whilst at the minimum recorded price of P.T.82·5 the ton cost £E.12·15. These prices were higher than those of Australian flour c.i.f. Alexandria in Customs' warehouse; hence the local milling industry was unable to export Egyptian flour. On the other hand, had the tariff afforded no protective barrier, Australian flour would have come into the country and depressed the local industry still more.

Turning from the contemplation of the milling industry's anxieties to an examination of any new tendencies in relation to the consumption of bread which may have attracted attention, it is believed that a growing number of the Egyptian population is developing a taste for the finely ground flour of the modern steel roller mill in place of the coarser qualities produced by the millstones of the former epoch. Whether the loss of nutritive value which scientists assert results from the fine grinding of the modern flour mill can be held to have been compensated by a lower cost of bread is another question, and one the answer to

which falls outside the scope of this report. The *fellaheen* may, however, be accounted lucky that they will probably for yet some time to come subsist on maize or millet bread made from home-ground flour.

There are in Egypt 66 modern flour mills using motive force of 100 horse power or over; of these 17 are in Cairo and 14 in Alexandria.

(b) *Rice Milling*.—Accurate statistics of this industry are not available. The amount of rice dealt with for export in 1935 was 71,000 tons and in 1936 139,000 tons.

The daily production capacity of the ten more important mills is 820 tons, representing a total annual capacity (all days included) of about 300,000 tons. To this there falls to be added the production capacity of the many small mills at Rosetta (Rashid) and other small towns in the Interior, concerning which no statistics exist.

Rice millers and exporters had an excellent season in 1936 for an abundant crop coincided with the presence of additional customers in the market owing to a shortfall in Spanish exports. This year, unfortunately, the position is a tantalising one for, whilst the foreign demand is still healthy, both Spain and Italy not competing for the time being, Egypt has had to reduce the area under rice owing to a shortage of Nile flow.

There has been a steady improvement in the milling of Egyptian rice which is attributable to the introduction of modern machinery in the big mills.

An interesting future may be predicted for this industry as the increased water supply resulting from the building of the Gebel Awlia dam comes more fully into play.

Paper.—The Egyptian promoters of the scheme for the establishment of a factory for the production of wrapping paper and cardboard to which reference was made in the previous report dated July 1935, have experienced some difficulty in securing sufficient capital.

At a meeting, however, of the board of the company (which is styled "La Société Nationale du Papier") held in April 1937, it was decided to proceed with the construction of the factory, and it may, therefore, be assumed that the necessary capital to enable the company to begin operations has become available. There is talk of the factory being completed and ready for operation early in September 1937.

There is only one paper factory actually working in Egypt. This concern manufactures packing (grey and coloured) straw papers, tobacco wrappings, and cardboards. The output is estimated to be about 300 tons per week and is believed to be increasing.

Petroleum.—In 1911 the Anglo-Egyptian Oilfields, Limited, was formed and acquired various prospecting rights in the

desert areas along the western shores of the Red Sea, and eventually located and developed an oilfield in the neighbourhood of Ghardaqa, a locality which the original prospectors apparently found difficult to pronounce and renamed "Hurghada".

This pioneering venture, which involved the spending of a very considerable sum before oil was struck in commercial quantities, has steadily produced ever since, although insufficient for the total requirements of Egypt. An up-to-date refinery has been set up at Suez where both Egyptian and imported oil are treated, up to a maximum of one thousand tons a day. There is one other refinery in the country, also at Suez, which is owned and operated by the Egyptian Government.

The annual production of crude oil at the Hurghada Oilfield has declined during recent years by some 100,000 tons from 285,000 in 1931 to 173,658 tons in 1935 and 182,521 tons in 1936, a fact which has prompted the Company as also the Standard Oil Company of Egypt (representing the Standard Oil Company of New Jersey) and the Socony-Vacuum Oil Company to apply for exploration permits over areas in the Canal Zone, Sinai, and both sides of the Gulf of Suez.

As reported in Chapter IV refining is carried out in Egypt both on imported crude oil as well as on oil obtained in Egypt. There are two refineries owned respectively by the Anglo-Egyptian Oilfields and the Egyptian Government. The first mentioned produced in 1936 about 300,000 tons* of petroleum products including benzine, kerosene, solar oil, mazout, diesel oil and asphalt; about half of this production was from Egyptian oil and about half from imported crude. The Government refinery produced in 1936 approximately 43,000 tons only 7,000 tons of which was local oil. The two refineries therefore produced in all about 350,000 tons of petroleum products, of which about 160,000 tons was obtained from local oil.

The average annual consumption of petroleum products in Egypt during the last ten years has been about 571,000 tons and the consumption during 1936 662,000 tons, the following table shows the products consumed:—

	Average Annual Consumption during 1936.				
	1927-36.				
	Ten years.				
		Tons.		Tons.	
Kerosene	...	290,364		304,447	
Benzine	...	60,868		83,560	
Diesel and Gas	...	130,232		187,333	
Furnace	...	51,590		30,050	
Lubricants	...	18,471		19,935	
Bitumen	...	19,575		36,715	
Total	...	571,100		662,040	

* In this connection tons equals English tons.

Early in 1937 new regulations were issued governing petroleum exploration and development in Egypt.

These products are, naturally enough, being consumed in increasing quantities, the most noticeable advance in 1936 being observed in benzine (petrol), diesel and gas oil, and bitumen, the large increase in consumption of the last named having been due to a growing use of the mix-in-place method of road-making in desert areas. The consumption of kerosene despite a growing population seems to have reached saturation point during the period 1930 to 1936.

Printing.—During the earlier post-war years the Egyptian printing industry was in a backward stage and the use of old-fashioned pedal printing machines and flat-bed presses was the rule rather than the exception. With the raising, however, by the Egyptian Government in February 1931, of the import duty on all printed matter (except in the case of such items as catalogues, foreign newspapers, periodicals, etc.) and the changing of it from an *ad valorem* basis to a specific duty, very rapid progress has since been made in this industry. The high duty now operative has naturally given the local industry a marked impetus and a number of important printing works have come into existence.

Moreover, all school books, labels, posters, printed wrappers, and a host of other similar articles were previously printed abroad, but the educational advance and industrial progress made by the country since the Great War has created an important demand for all these articles, thus opening the field to, and enlarging the scope of, printing works.

Present-day printing works in Egypt are equipped with modern linotype machinery, rotary presses, duplex presses, rotogravure presses, offset presses, and machinery for embossed printing, while recently copper-plate printing has been successfully undertaken. The local industry can, therefore, justifiably claim to be able to produce all the various kinds of single or multicolour printing required by the country, and every effort is being made to keep abreast of modern methods.

The number of local daily papers and reviews has also kept pace with this advance. There are now about nine important printing works in Cairo, and about four in Alexandria, not including the Egyptian Government Press, the Survey Department printing works, and a number of small printers. Up to the present, however, no paper factories producing any appreciable quantity of printing paper and stationery have made an appearance.

Imports into Egypt of printing machinery, newsprint, and printing ink have increased steadily from £E.83,000 in 1927 to £E.133,000 in 1936.

Rugs and Carpets.—The Ministry of Commerce and Industry is evincing a lively interest in the local production of rugs, and landowners and farmers are being instructed in the best methods of shearing and washing wool.

The main centres for the production of rugs are Cairo, Minia, Assiut, and Nag Hamadi. Large numbers of "Killeems" are woven at Beni Adi (Assiut), Fowa, and in Kharga Oasis, as well as at Cairo and Nag Hamadi.

Several mechanical sets of spindles, as well as electrically operated sets, were imported into Egypt by the Ministry with the object of lending them to rug and carpet factories for the production of yarn, and an effort is also being made to generalise the use of foot spindles in the districts where power stations do not exist.

There are two wool spinning factories at Assiut. One is attached to the Egyptian Government Industrial School, and the other to the Abul Hol Factory. The weekly production of these two factories amounts to 1,300 kilograms of woollen yarn which is consumed partly by the factories themselves, and partly by other trade schools and asylums where rug-making sections have been established.

One of the reasons which led to the development of this industry was the establishment of trade schools in Cairo, Alexandria, Tanta, Mehalla el Kobra, Kafr el Zayat, Mansoura, Benha, Port Said, and Minia. Some of these schools are run by the Provincial Councils, whilst others belong to benevolent societies.

The Ministry of Commerce and Industry have established a model rug factory where girls undergo a course of training in oriental rug-making. At present about 200 girls are being trained, and the rugs and carpets they manufacture are distributed to various Egyptian Government Departments. This experiment has proved successful and it is now intended to enlarge this factory as a considerable number of girls are anxious to become proficient in this craft.

Soap-making.—Particulars in respect of the imports of soap into Egypt are given in Chapter IV of this report. A few notes regarding the local industry may, however, be of interest.

There are a number of factories in Egypt situated in Alexandria, Kafr el Zayat, and Cairo, of which the most important are situated in the two first-named.

Most of the soap manufactured in Egypt is of the usual household and laundry varieties. Soft soap, toilet soap, and shaving soap are only produced in very small quantities, and the bulk of it is imported from abroad.

The local outturn of soap, which is estimated at approximately 45,000 tons valued at £E.1,000,000, is almost entirely consumed in the country and represents about 80 per cent. of the total requirements.

The main raw materials used in the manufacture of soap in Egypt are caustic soda and vegetable oils. The bulk of the caustic soda required for this purpose is produced locally and amounts to about 3,500 tons per annum. Imports of this commodity in 1935 and 1936 were negligible at 150 and 505 tons, respectively.

The oils used are, in the order of their importance to this industry, as follows:—cottonseed oil, coconut oil, acid oils, olive oil, palm oil, and other kinds of oils in very small quantities. Of animal fats the only kind used is hydrogenated fish oil.

The various oils enumerated above are imported from abroad with the exception of cottonseed oil which represents between 30 per cent. and 40 per cent. of the total quantity of oil used and which is entirely of local production.

The total quantity of these oils (other than cottonseed oil) consumed in 1934 was 16,554 tons (£E.275,984) and in 1935 14,411 (£E.264,764).

Sponge Fishing.—Sponge fishing requires experienced and well-trained fishermen, and Greeks from the Dodecanese Islands are unequalled for this class of work, which is the reason for their employment by the annual concessionnaires of the Egyptian sponge fishing rights.

The undermentioned table shows the quantity of sponges raised from Egyptian waters in the period 1930-6, with the exception of 1934, in which year fishing was prohibited:—

Year.	Honey Comb.	Turkey Cup.	Zimocs.	Total.
1930	125,315	43,373	83,992	252,680
1931	197,814	77,276	141,370	416,470
1932	84,140	31,349	61,216	176,705
1933	138,623	56,036	79,245	273,904
1935	244,740	86,003	168,771	499,514
1936	100,642	64,034	51,661	216,337

In 1936 the industry was prejudiced by fears of war, and fishing operations were considerably curtailed. Sponges fished in Egyptian waters are reported to be of good quality and are consequently in demand.

Sulphuric Acid: Superphosphates.—In the previous report dated July 1935, it was mentioned that a limited liability company called the Société Anonyme Egyptienne des Engrais et Produits Chimiques had been formed in April 1935, to establish a sulphuric acid and superphosphates factory. In the event, however, it was not found possible to reconcile the interests of various prospective shareholders, and the project appears to be in abeyance for the time being.

Meanwhile, however, the Egyptian Salt and Soda Company have put up such a factory at Kafr el Zayat on the Rosetta Branch of the Nile, using British, French, Belgian, and Italian machinery. The company hope to produce 30,000 tons of superphosphates per annum for local consumption, and thirty to thirty-five tons of sulphuric acid daily to be used in the manufacture of superphosphates, any balance not so used to be available for local distribution.

Sugar.—As a result of the Cuban troubles in the nineties and the consequent diminution in the world supply of sugar, the small area in Egypt devoted at that time to the cultivation of sugarcane began to be developed until in 1898-9 it had reached approximately 87,000 feddans. Thereafter, however, the rapidly increasing tendency of the fellahs to grow cotton was inimical to the cultivation of sugarcane, with the result that by 1907-8 the area under this crop had dropped to 39,000 feddans.

The critical condition to which the sugar industry in Egypt had been reduced was further aggravated by a decrease in the world price of sugar, compelling a consequent reduction in Egyptian prices which necessarily reacted on the cultivators of the cane. This undesirable state of affairs forced the competent authorities to study means of remedying the situation. This led to the signing in February 1931, of a convention between the Egyptian Government and the Société Générale des Sucreries et de la Raffinerie d'Egypte (established in 1892 and reconstituted in 1906) under the terms of which the sale of sugar in Egypt is reserved exclusively to the company under certain specified conditions and for the duration of five years, to be extended for three successive periods of three years each.

Successive increases in the import duties on sugar between 1930 and 1932 have permitted a greater remunerative operation to the local industry. Both the cultivation of the cane and the subsequent manufacture and refining of sugar may now be said to be working under conditions which, although not perhaps prosperous, are nevertheless healthy and profitable to both sections of the sugar industry.

The approximate area under sugar cane during 1931 to 1936, has been varied between 65,000 and 70,000 feddans (1936—64,232 feddans) and the crop between 45 and 50 million cantars

(1936-47,995,000 cantars). Production of sugar cane crushed, raw sugar produced, and the resultant molasses was as follows:—

	(ooo's omitted).					
	1930-31.	1931-32.	1932-33.	1933-34.	1934-35.	1935-36.
Sugarcane, crushed	Metric Tons. 1,174	Metric Tons. 1,521	Metric Tons. 1,680	Metric Tons. 1,508	Metric Tons. 1,305	Metric Tons. 1,243
Production of raw sugar	122	147	170	154	137	132
Production of molasses	59	77	88	80	69	67

These figures show that for the last six years the average annual production was 144,600 tons, an amount which just covers Egyptian consumption, which averaged 145,000 tons during the four years 1925 to 1928 and 140,000 tons during the eight subsequent years of 1929 to 1936. *The average* annual consumption for the second period was affected by the poor demand during the years of depression, as the following table shows:—

Year.	Consumption. Metric tons.	Year.	Consumption. Metric tons.
1929	... ... 187,000	1933	... ... 113,000
1930	... ... 209,000	1934	... ... 127,000
1931	... ... 95,000	1935	... ... 135,000
1932	... ... 108,000	1936	... ... 144,000

Total, 1,118,000.—Average annual consumption, 140,000.

The large figures for 1929 and 1930 do not represent true consumption for they are importation figures and reflect abnormally heavy imports of sugar in those two years provoked by rumours during the latter part of 1929 of an impending revision of the customs tariff (which actually occurred in February 1930). These abnormal imports had not been wholly absorbed till late in 1931. The establishment in February 1931, of a quasi-monopoly of the sugar industry in Egypt in the hands of the Société Générale des Sucreries et de la Raffinerie d'Egypte put an end to the importation of sugar and allowed of a more exact check being kept on the consumption of sugar in Egypt. The figures for 1932 (for to the figure of 95,000 tons for 1931 should be added a carry-over from 1930 of not less than 50,000 tons) reflect the fact that the trough of the depression was reached in this year. Since then there has been a steady improvement in the consumption of sugar, surest of all material criteria of improving times.

Local production of sugarcane did not completely meet local requirements in 1935 and 1936 with the result that amounts of 4,600 tons and 37,300 tons respectively of raw cane sugar were imported for treatment at the Company's refinery.

Textiles.—(a) *Cotton.*—The cotton textile industry of Egypt has been making steady progress. The output of the Misr Cotton Spinning and Weaving Company for the past six years is shown in the following table:—

Year.	Yarns.					Cloth.	
	Lbs.			Square Yards.			
1931	1,715,000	4,811,000
1932	4,794,000	11,529,000
1933	8,682,000	18,012,000
1934	12,678,000	25,071,000
1935	14,359,000	20,065,000
1936	23,577,000	37,490,000

In 1935 this company, which employs some 15,000 operatives, had approximately 100,000 spindles and 2,000 looms at work. By the end of 1937 the company hopes to complete additional units and to have at its disposal 150,000 spindles and 4,000 looms. Other activities of the company include dyeing and printing units in full operation, a flannel and hosiery section, a small lace and mosquito net section, and a woollen unit which is in course of establishment. It is calculated that the company used about 282,000 cantars (100 lbs.) of ginned cotton in 1936, as compared with 186,000 in 1935. The company's capital, fully paid, stands at £E.1,600,000 at present.

The output of the Filature Nationale d'Egypte, S.A.E., of Alexandria has also been on an ascending scale since 1933 as the following table indicates:—

Year.	Yarns.					Cloth.	
	Lbs.			Square Yards.			
1933	9,500,000	12,000,000
1934	11,500,000	12,450,000
1935	12,250,000	14,500,000
1936	14,000,000	14,750,000
1937 (expected production)	18,000,000	16,500,000

The fully paid capital of this company is £E.487,500.

The associated Alexandria company called the Société Egyptienne des Industries Textiles (in which the Calico Printers' Association is interested) produced 2,500,000 yards of cotton cloth in 1936 and it is estimated that its production will reach the figure of 7,500,000 yards in 1937. This company is also successfully engaged in the printing of cotton cloths. Its issued and subscribed capital is £E.400,000.

Another concern and one in which the Filature Nationale d'Egypte is interested is the Egyptian Hosiery Company, S.A.E., founded at Alexandria in 1935 with a nominal issued and subscribed capital of £E.80,000, which manufactures hosiery, and bleaches and dyes, cotton, natural silk, and rayon yarns.

Also engaged in the textile industry is the Egyptian Weaving and Knitting Company, S.A.E., founded at Cairo in 1935 with a subscribed and fully paid capital of £E.40,000.

In addition to the foregoing companies there are a number of Egyptian concerns of lesser importance similarly occupied in the manufacture of cotton cloth.

Finally a very recent and important recruit to the ranks of Egyptian textile manufacturers and processors is a new concern founded early in 1937 for all printing and dyeing processes, to be combined at an early later moment with cotton spinning and weaving. The new concern has close affiliation with the Bradford Dyers' Association and will have its factory near Alexandria and its head office at Cairo. Its chairman is a well known and distinguished English official until recently in the service of the Egyptian Government.

The approximate consumption of ginned Egyptian cotton by the local cotton spinning and weaving mills in 1936 was 400,000 cantars. This consumption, it is believed, will reach 750,000 cantars or thereabouts by 1940.

The cotton textile industry in Egypt has now reached a stage of development where it will be interesting to examine the position in the light of such statistics as will serve to indicate the prospects for the importation of Manchester goods in the coming years. Reference to the figures here subjoined shows (a) the imports, (b) the local production, and (c) the consumption of cotton piece goods in Egypt during the years 1930 to 1936.

Year. Col. 1.	Metrage or Yardage.				
	Imported. Col. 2.	Per cent. Col. 3.	Locally manufactured. Col. 4.	Per cent. Col. 5.	Total consumption. Col. 6.
1930 ...	180,000,000	96.8	6,000,000	3.2	186,000,000
1931 ...	147,000,000	91.0	14,500,000	9.0	161,500,000
1932 ...	174,500,000	87.5	25,000,000	12.5	199,500,000
1933 ...	197,000,000	86.8	30,000,000	13.2	227,000,000
1934 ...	182,000,000	82.9	37,500,000	17.1	219,500,000
1935 ...	193,500,000	84.0	34,500,000	15.1	228,000,000
1936 ...	169,500,000	75.7	54,500,000	24.3	224,000,000

Note.—For the purposes of those statistics, square metrage and yardage have been assimilated.

The noteworthy feature which immediately strikes the attention is the increase of local production since 1930 which—with one pause in 1935—shows a swift progression. The continuation of this feature may be confidently expected in the course of the

next few years as new spindlage and looms of the still developing Misr Mills and of the mills shortly to be erected for the subsidiaries of the Bradford Dyers' Association comes into play.

The improving economic situation of the country is well reflected in the consumption figures for the last seven years, the average consumption of the three years 1930 to 1932 having been 182 million square yards, whilst that of the four years of recovery from depression, 1933 to 1936, reached 225 millions, an increase of 23.6 per cent.

(b) *Flax*.—There are two important flax spinning mills in Egypt, one attached to the cotton spinning and weaving factory of the Misr Cotton Spinning and Weaving Company, at Mehalla el Kobra, and the Misr Flax Company, near Cairo.

The former mill is equipped with looms and spindles for spinning flax waste up to No. 16 counts (single). Its main production is "crash" cloth made from a mixture of flax and cotton yarns, which is used for summer clothing. Other items include table linens, napkins, bed sheets, etc., as well as yarn for the local footwear industry.

The Misr Flax Company produces flax fibres and flax waste. Raw flax is also macerated and retted for export.

In addition to the above mentioned mills flax spinning is a cottage industry in a number of districts all over Egypt and various kinds of unbleached, hand-made cloths are to be found. Cords are made of flax waste and sometimes of hemp fibre which grows in abundance on the borders of cotton fields.

Actually the flax industry in Egypt, which is handicapped by the hot climate, is still in its infancy, but every effort is being made to improve and develop it.

(c) *Rayon*.—The local industry of rayon fabrics, which receives adequate tariff protection, is increasing annually, and it is now estimated that there are approximately two thousand looms in operation.

Production based on a nine-hour day is estimated to amount to 15,000,000 metres per annum. If necessary, this figure could be nearly trebled by working three shifts.

The most important rayon mill in Egypt is that of the Misr Silk Weaving Company (400 looms) which manufactures rayon as well as silk fabrics, and the Usines Textiles Alkahira S.A.E. (350 looms) who between them have 750 looms. There are thirty-two other concerns operating from five to fifty looms each.

Local production covers a wide range of rayon fabrics, including fancy materials. The progress of the industry is reflected in the imports of artificial silk yarn, the figures of which for the last six years are as follows:—

Year.	Total.	United Kingdom.	Italy.	Japan.
1931	£E. 64,000	£E. 5,000	£E. 44,000	—
1932	£E. 83,000	£E. 5,000	£E. 51,000	—
1933	£E. 86,000	£E. 7,000	£E. 49,000	—
1934	£E. 134,000	£E. 12,000	£E. 63,000	£E. 20,000
1935	£E. 106,000	£E. 9,000	£E. 41,000	£E. 40,000
1936	£E. 116,000	£E. 12,000	£E. 16,000	£E. 44,000

The fact that 1934 is a peak year was due to heavy buying of stocks by the "Al-Kahira" factory which commenced production early in 1935. Although the import duty on rayon yarn was increased considerably in April 1936, there was nevertheless an increase in the imports amounting to £E.10,000, as compared with 1935, attributable to the progress of the local rayon industry.

Various proposals have from time to time been put before the Egyptian Government with a view to the local manufacture of rayon yarn, but as such an industry, if implanted, would compete with the local cotton spinning and weaving industry, the Government do not at present favour such a policy. Imports of rayon yarn may, consequently, be expected to increase providing no measures are taken to discourage the local rayon fabric industry.

During 1934 and 1935 the imports of rayon fabrics amounted to £E.512,000 and £E.543,000, respectively, from which figure the 1936 imports fell away abruptly to £E.271,000. This position is attributable in greater part to tariff increases and in lesser part to increasing local production.

The imports of rayon fabrics during the years 1932 to 1936 were as follows:—

Year.	Total.		France.		Italy.		Japan.	
	Tons.	£E.	Tons.	£E.	Tons.	£E.	Tons.	£E.
1932*	385	£E. 164,000	37	£E. 34,000	26	£E. 20,000	311	£E. 102,000
1933	1,047	£E. 402,000	80	£E. 74,000	73	£E. 51,000	864	£E. 249,000
1934	1,435	£E. 512,000	54	£E. 56,000	70	£E. 44,000	1,285	£E. 388,000
1935	1,735	£E. 543,000	45	£E. 52,000	87	£E. 50,000	1,566	£E. 412,000
1936	708	£E. 271,000	88	£E. 75,000	24	£E. 12,000	490	£E. 105,000

* Customs statistics for rayon wares were only begun as from the 1st June 1932. The figures for 1932, therefore, only represent seven months. Previously to that date rayon fabrics were assimilated to silk fabrics and entered under that heading.

(d) *Silk*.—The foundation of the first silk spinning and weaving factory is stated to have taken place during the reign of Mohamed Ali Pasha (1805-1848), founder of the ruling dynasty in Egypt to-day, who encouraged the cultivation of the mulberry tree and brought from Syria, the Lebanon, and Turkey workmen skilled in raising silk worms and in making various kinds of silk cloth in harmonious colours in order to teach their craft to Egyptians. In addition, Mohamed Ali sent Egyptian workmen to Europe to specialise and perfect themselves in the methods used there. Thus, during the reign of Mohamed Ali the silk industry was founded, expanded, and flourished. After his reign it declined, except in Damietta, to which town silk merchants from Syria made frequent visits.

After the Great War mechanical looms replaced the old hand-worked variety, and increasing attention was paid to the dyeing and finishing of cloths.

In 1927, the Bank Misr purchased the factory of Abdel Fattah El Lozy Bey, at Damietta which was founded in 1839 by the late Said El Lozy Bey, and formed the Misr Silk Weaving Company. Opening with eighty looms, the factory now possesses five hundred, of which four hundred are employed for the production of rayon cloth. The production of fabrics in 1935 amounted to one million metres, and in 1936 to two million metres. It is hoped to produce six million metres in 1937.

The Company also has a dyeing works at Helwan, near Cairo, equipped with all the necessary modern machinery, where its own fabrics and those of third parties are processed.

The varieties of pure silk goods produced comprise crêpe de chine, crêpe satin, crêpe marocain, crêpe georgette, crêpe charmeuse latest fashion fabrics, silk cloth for costumes, ties, and bags, whilst in rayon fabrics crêpe de chine (Thais), crêpe georgette, crêpe satin, and crêpe marocain are made.

The production of the Company, the subscribed and fully paid capital of which is £E.75,000, is estimated as follows:—

		1935. Metres.	1936. Metres.	1937. Metres.
Silk cloth ...	...	750,000	750,000	750,000
Rayon cloth	...	250,000	1,300,000	5,000,000

(e) *Wool*.—The wool spinning industry in Egypt is at present confined to the manufacture of yarn for carpets and rugs, etc., in which connection efforts are being made by the Egyptian Government to generalise the use of foot spindles. Concurrently, landowners and farmers are being instructed as to the best methods to adopt for the better production, shearing, and washing of wool.

A scheme is now under consideration for the establishment in 1939 of a wool spinning and weaving factory with scouring, spinning, weaving, dyeing, and finishing sections for the manufacture of woollen piece goods.

Vegetable Oils.—The following vegetable oils are produced to-day in Egypt:—cottonseed oil, linseed oil, sesame oil, castor oil, olive oil.

(a) *Cottonseed oil.*—This is the main oil-pressing industry and the most important as it deals with cottonseed which is the by-product of the country's most valuable crop.

The following statistics for the years 1933-4, 1934-5, and 1935-6 (in round figures) indicate the present position of this industry.

		1933-34. Tons.	1934-35. Tons.	1935-36. Tons.
Cottonseed produced	...	780,000	683,000	770,500
Cottonseed exported	...	393,000	385,000	361,000
Cottonseed used for sowing	...	66,000	64,000	66,000
Cottonseed pressed in Egypt	...	159,000	205,000	— *
Cottonseed cake produced in Egypt	...	128,000	164,000	181,500
Cottonseed oil (crude) produced in Egypt	28,500	36,500	39,000	
Cottonseed oil exported	...	3,500	14,500	12,000

* Figure unavailable.

The whole of the cottonseed oil produced in Egypt at present is obtained by means of hydraulic presses of the Anglo-American type. Most of the seed is pressed undecorticated and the yield in this case is about 20 per cent. of oil and 80 per cent. of cake. After refining it is used for edible purposes and, in a lesser degree, in the manufacture of soap. The United States of America are Egypt's principal customer for the latter's exportable surplus of cottonseed oil.

Cottonseed cake is an important article of commerce being a valuable cattle food, and a profitable outlet for this cake is essential for the continued prosperity of the oil-pressing industry. Most of it is exported to Western Europe, as a comparatively small quantity only is consumed in Egypt.

(b) *Linseed oil.*—Linseed is pressed in native wooden or iron screw presses, and the whole quantity locally produced is consumed for edible purposes. The industry is in a difficult position as it seems unable to compete successfully with imported oil in spite of the heavy duty of PT.600 per gross ton with which the imported produce is burdened. Incidentally, this is an example of sacrificing the bulk of the population in the matter of the price of linseed oil in order to assist a small industry to make an artificial profit.

As far as can be estimated the production of this oil in Egypt is about 750 tons per annum, of which about half is produced in Cairo.

The by-product of this industry is linseed cake which is also a valuable cattle food.

The import of varnish and paint oils into Egypt in 1935 and 1936 amounted to 2,652 and 2,770 tons respectively, and presumably consisted largely of linseed oil products. The imports of linseed oil into Egypt during the same period were 414 and 550 tons.

(c) *Sesame oil*.—Considerable quantities of this oil were formerly produced by numerous small concerns by the foot-treading process from roasted and ground sesame paste. Owing to its unhygienic character this process is now forbidden by law and is being replaced by various locally-made machines, the main principle of which is the mixing of sesame paste and brine, as in the case of the foot-treading process. Only one small works in Damietta is producing sesame oil by means of modern machinery of the expeller type.

Both oil and cake are entirely consumed in the country.

(d) *Castor oil*.—In 1935 and 1936 the imports of this product into Egypt were 325 and 491 tons respectively. Most of this is used medicinally as the total consumption of this product as a lubricant only amounts to 80 tons per annum, and tends to decrease as it is solely used in certain out-of-date machinery.

A few years ago a castor oil works was established in Alexandria with an output capacity of two tons of oil daily. This factory, however, stopped working, perhaps owing to the difficulty of obtaining sufficient quantities of Egyptian castor seed which made it necessary to import Indian seed. It is hoped to increase the cultivation of the castor oil plant for the cultivated area is more or less limited at present.

Medicinal castor oil is produced by the cold pressing of the decorticated seed. The rest of the oil remaining in the cake must be extracted by means of hot pressing. It is not suitable as medicinal oil and must be used for industrial and lubricating purposes.

(e) *Olive oil*.—The greater part of the Egyptian olive crop is unsuitable for oil production.

Olive oil is, however, extracted in various parts of the country, especially in the Oases of Siwa and Dakhla. The small quantities resulting are obtained by pressing the olives in wooden hand presses. The average yield of oil olives in 1934, 1935, and 1936, is estimated at 100 tons.

The Ministry of Agriculture, however, imported a few years ago about 300,000 trees of the Algerian Shimplali variety which are exceptionally rich in oil, and is distributing them gratis among cultivators all over the country in the hope of increasing olive oil production in Egypt. As the olive trees require some years to develop it is not expected to produce considerable quantities of oil in the near future.

VI.—AGRICULTURE.

General.—Ideal atmospheric conditions for her basic industry prevail in Egypt throughout the year. There is an absence of snow, hail, or sleet during the brief winter season, an abundant and ever-developing irrigation system throughout Upper (Southern) and Lower (deltaic) Egypt, a rain-belt over that area along the Mediterranean coast whither the network of canals has been unable quite to penetrate owing to the requirements of drainage (as important, this, as irrigation itself), and, finally, a sun of such beneficence that a large area of Egypt produces three crops in one year. Such conditions, coupled with the skilled control and distribution of the Nile waters by dams, barrages, regulators, and canals over thousands of kilometres, are responsible for the prosperity of Egyptian agriculture.

The Nile irrigation works at Gebel Awlia, Aswan, Esna, Nag Hamadi, Assiut, and the Delta in conjunction with 1,570 kilometres of navigable canals, 17,196 kilometres of non-navigable canals, 7,000 kilometres of drains, 5,000 kilometres of roads, and nearly 6,000 kilometres of railroad constitute a massive and inspiring framework for the development and cultivation of land in the Nile Valley.

Whereas in 1900 the area under cultivation was approximately 7,300,000 feddans, in 1936 the total cultivable area had increased by nearly one million feddans as the result of the construction of the barrage at Nag Hamadi and the second heightening of the dam at Aswan. The land was distributed for cultivation in 1936 in the following manner:—maize and sorghum (millet) 1,910,000 feddans, cotton 1,700,000 feddans, clover 1,510,000 feddans, wheat 1,410,000 feddans, rice 470,000 feddans, beans 395,000 feddans, barley 270,000 feddans. The balance of 619,000 feddans out of a total of 8,300,000 under cultivation was taken up by sugarcane, onions, citrus orchards, market gardens, etc.

Of all the cereals under cultivation, rice has registered the largest increase during the last few years, due mainly to the abundance of water emanating from the Aswan area. This is a feature which may develop still further when the effects of the Gebel Awlia dam come to be felt in the Delta. The cultivation of cotton and wheat also increased but in a lesser proportion. On the other hand the area under barley and beans has shrunk appreciably.

Agricultural Indebtedness.—Some general observations regarding the Egyptian Government's activities in the alleviation of the position of agricultural debtors whose property has been hypothecated as security for advances, is given in the introduction to this report (page 2) and the arrangements made

with the mortgage banks are briefly outlined in the section on banking (page 9). It may, therefore, be of interest to record the following details relating to the legal measures taken during the period under review in this report, to bring the Government's policy into operation.

(a) *Agreement with the Mortgage Company of Egypt, Limited.*—In 1935, by agreement with the Government, the rural and mixed (rural and urban) debts of the Mortgage Company of Egypt, Limited, amounting to approximately £E.2 million were transferred to the "Crédit Hypothécaire Agricole d'Egypte" with a reduction of 10 per cent. on the capital and 20 per cent. on the arrears. The amount paid to the Mortgage Company of Egypt was approximately £E.1,807,000 by means of an issue of 3½ per cent. bonds guaranteed by the Government and repayable in ten years. This agreement can be summarised as follows:—

The debts were divided into two categories, the one called irreducible, which could be paid from the revenue of the land, and the other reducible, payment of which could be adjourned. The first category represents a part of the debt equivalent to 70 per cent. of the actual revenue of the land mortgaged; to be amortisable from the 1st January, 1935, over a period of thirty years at a rate of interest of 5½ per cent.; the moratory interest having been fixed at 6½ per cent. The balance of the debt is productive of interest at a rate of 1 per cent. during five years, and then 2 per cent. This latter rate may be increased to 3 per cent. if the price of Sakellarides cotton reaches 35 dollars per cantar.

In order to benefit under this arrangement, the debtor is obliged to pay the annuity for 1933. The annuity of 1934 is incorporated with the capital due and the total prorogated for a period of thirty years as from the year 1935.

As regards the debts "C" of the Mortgage Company of Egypt, which were formerly transferred to the Government, these were in turn transferred by the Government to the Crédit Hypothécaire Agricole d'Egypte. The rate of interest on debts "C" was reduced to 4 per cent. as from 1936, with bonification of the interests of the annuities of 1933, 1934 and 1935. In the event of expropriation, the whole amortisable and adjourned debt is productive of interest at 9 per cent. The present arrangement has had for effect to reduce the average rate of interest from 6·1 per cent. to 4·8 per cent.

(b) *Agreement with the Crédit Foncier Egyptien.*—An agreement with the Crédit Foncier Egyptien similar to the foregoing was sanctioned by decree law No. 48 of 1936, and is based on a division of the debts into irreducible and reducible, the latter at 1½ per cent. and 2 per cent. This agreement is operated on the same basis as that for the debts of the Mortgage Company of Egypt, Limited, except that the rate of interest of the irreducible debt is 5½ per cent. and the moratory interest is calculated at the rate of the loan during the first year following the unpaid annuity.

According to this agreement, the average rate of interest on about £E.14·5 millions of mortgage debt is reduced from 6·25 per cent. to 5·06 per cent.

As regards the debts "C," these follow the same ruling as those of the Mortgage Company of Egypt.

(c) *Agreement with the Land Bank of Egypt.*—Decree law No. 48 of 1936 also sanctioned an agreement concluded with the Land Bank of Egypt, whereby the capital of the loan "A" due on the 1st January, 1935, will produce an interest at a rate of 6 per cent. and is maintained as amortisable debt.

The arrears of loans "B" and "D" and the capital are unified in a loan "E" at a rate of interest of 1½ per cent. during five years, then 1·75 per cent. during the following ten years subject to an increase to 2 per cent. or 3 per cent. in accordance with the price of cotton, and amortisable over a period of forty-five years as from 1950, at an interest of 6 per cent. The moratory interest is the same as on the initial loan during the first year following the unpaid annuity and 7 per cent. for the second unpaid annuity and then 8 per cent.

In the event of payment of the annuity on loan "A" being delayed for six months beyond due date, the Government will pay the annuity and take the place of the Land Bank. This will constitute loan "K" which ranks after loan "A" and before loan "E."

The situation of debts "C" is similar to those of the Mortgage Company of Egypt and the Crédit Foncier Egyptien.

(d) *Debts of second and subsequent ranks and mortgaged debts not affected by the preceding agreements.*—In accordance with a decision of the Council of Ministers issued on the 10th July, 1935, a commission was instituted in the Ministry of Finance to find a solution for every case falling under the above heading. In the event it was decided that loans in payment of the debts of second and subsequent ranks should bear a rate of interest of 3½ per cent. and become amortisable as from 1940. To this effect, the Government has authorised the Crédit Hypothécaire Agricole d'Egypte to issue bonds amounting to £E.1,500,000 at 3½ per cent., amortisable over a period of thirty years.

(e) *New Measures.*—New measures recently passed by Parliament relating to mortgage debts consist of two laws, the one, No. 15 of the 29th March, 1937, which stipulates that from the date of its coming into force on the 30th March, 1937, until the 31st December, 1937, all forced sales in respect of agricultural lands or buildings, mortgaged or on which there are privileged rights prior to the 31st December, 1932, shall be suspended. This measure does not apply to land or buildings put up for sale by the Government or by the Ministry of Wakfs or belonging to debtors of the Crédit Foncier Egyptien who do not come under the agreement governed by decree law No. 48 of 1936, unless one full instalment of the debt has been paid.

The second measure is law No. 16 of the 29th March, 1937, and relates to debtors who have not benefited by decrees No. 47 and 48 of 1936 and the agreements annexed thereto relative to consolidation and extension of debts due to the Crédit Hypothécaire Agricole d'Egypte and the Crédit Foncier Egyptien; these debtors are given another opportunity to have the debts consolidated provided they pay three instalments before the 31st December, 1937.

Both the above laws were published in the "Journal Officiel" No. 27 of the 30th March, 1937.

Export Bounties.—(a) *Citrus Fruits.*—To encourage the export of citrus fruits a credit of £E.15,000 was opened in the budget of 1935-6, and a further one of £E.25,000 in 1936-7. The combined value of exports of oranges, tangerines, and sweet lemons in 1935 was £E.35,271, and in 1936 £E.35,931. Every effort is being made to develop this industry.

(b) *Onions.*—The Egyptian Government also opened an onion fund in 1935 up to an amount of £E.140,000 for the purpose of financing that part of the Egyptian onion crop which is normally absorbed by Germany. This was found necessary in

order to assist onion exporters over the difficulty arising from Germany's cessation of payments in foreign currencies. (In this connection see "Onions" in Chapter IV). The actual financing effected came to £E.137,023. A similar fund and within the same limits was opened in 1936 (actual amount £E.93,093) and in 1937 (effective amount still undetermined).

(c) *Wheat*.—In view of the continued weakness of the local wheat market, caused presumably by over-production induced by a high protective tariff, it was decided by the Government on the 7th April 1937, that the Crédit Agricole d'Egypte should be authorised to sell for export any of its stored wheat on which advances had been made to cultivators against a Government guarantee at a discount of P.T.10 (2s. 0-1/2d.) per ardeb (5.444 wheat bushels).

Nile Projects.—(a) *Gebel Awlia Dam*.—The work on this dam has proceeded satisfactorily during the period under review and it is anticipated that the reservoir will be partially filled for the first time in July 1937. The reservoir created by this dam will have a capacity of from two to two-and-a-half milliard tons (cubic metres) of water, or about half the capacity of the Aswan dam reservoir, and will be used in the same way as the latter, being filled in flood when excess water is available and discharged during the summer. The extra amount of "summer" water which will become available will be sufficient to irrigate about 500,000 extra feddans during the hot months, and is to be used partly for new areas and partly for the amelioration of conditions of areas already under cultivation.

(b) *Remodelling of Assiut Barrage*.—This work has been undertaken owing to the necessity of strengthening the existing structure so as to make it conform to modern conditions. Owing to the filling of the gigantic reservoirs at Gebel Awlia and Aswan, the levels in the lower Nile during certain periods will be less than in the past, while the original, or even higher, levels must be maintained upstream of the barrages for the needs of cultivation. This results in a greater pressure on the barrage structures which the present work will provide for. The requirements of navigation will be met by a reconditioning of the existing locks.

During the first and second seasons (1934-5 and 1935-6) the work done included the remodelling of the lock and 56 out of 110 vents of the barrage. The third season's work (1936-7) will comprise another 27 vents, and the whole reconstruction is planned to be finished in 1938. The works on the Ibrahimieh regulator included in the same contract are nearly completed. The new lift bridge on the lock of the barrage is finished, and a similar but smaller bridge on the regulator is in course of erection.

(c) *Delta (Mohamed Ali) Barrages*.—Although law No. 42 approving the construction of new barrages (to be named the "Mohamed Ali" barrages) to replace the existing seventy-year-old barrages near Cairo known as the "Delta" barrage was passed on the 28th June 1934, it was not until the beginning of November 1936, that the contract was finally given.

The execution of this important work which will take about four years to complete was entrusted to a United Kingdom firm, Messrs. Macdonald, Gibbs & Company (Engineers), Limited, for the tender price of £E.2,486,133.

The preliminary operations have already commenced and sub-contracts for the new sluice gates and operating machinery, and the lock gates and bridges have been given to United Kingdom firms.

(d) *Aswan Dam Power and Fertiliser Plants*.—The scheme for the generation of hydro-electric power at Aswan Dam and its utilisation in the production of artificial azotic fertiliser, which has been under periodic consideration by the Egyptian Government for a score of years or so, and under close study since early in 1935, assumed a leading place in the Government's agenda in the winter of 1936-7, and negotiations are in progress for the execution of this project which aims at making Egypt independent of foreign supplies of artificial fertiliser to an important extent.

Cotton.—(a) *General*.—A word on the history of the cotton plant in Egypt will import a momentary note of interest into a volume which can scarcely avoid being anything but a monotonous cataloguing of facts. The cotton plant was known to ancient Egypt but it had never been developed till 1821 when, thanks to the Frenchman Jumel and the great Mohammed Aly, founder of the present dynasty, the production of cotton began to be fostered. This led to the first of two eras of expansion in the cotton crop which, as reference to the here subjoined table will show,

Year.	Production in Cantars.						
1820	955
1830	186,675
1840	193,507
1850	384,439
1860	596,200
1870	1,966,215
1880	2,792,184
1890	4,159,405
1900	5,435,488
1910	7,505,072
1920	6,035,504
1930	8,275,749
1936	9,200,000

ran from 1820 to 1860. A second era of expansion, which had for its origin the American War of Independence, then set in so that in the decade from 1860 to 1870 cotton production in Egypt more than tripled itself, rising from 596,000 cantars in 1860 to 1,966,000 in 1870. Since that time the history of Egyptian cotton is one of steady progression until with the crop of 1936 the nine million cantar mark was passed, whilst talk is now heard of a ten million cantar crop for the present year.

In the season ending the 31st August 1935, the area under cotton was 1,669,000 feddans which produced 8,342,000 cantars (excluding scarto), an average of 5.11 cantars, as compared with 1,732,000 feddans in 1934 producing 7,555,000 cantars with an average of 4.36 cantars. This good result was particularly noteworthy in that the season was characterised by a specially severe leafworm attack which, in Upper Egypt, extended much further South than ever before. But for this the crop would have been larger still. The subjoined table shows how a favourable season produced better results in all categories notwithstanding a smaller acreage over all:—

Variety. Col. 1.	Year. Col. 2.	Area in feddans. Col. 3.	Yield in cantars per feddan. Col. 4.	Production in cantars. Col. 5.
Sakellarides ... {	1934	420,000	2.4	1,003,000
	1935	297,000	3.0	901,000
Giza 7 ... {	1934	287,000	3.3	958,000
	1935	270,000	4.7	1,267,000
Ashmouni-Zagora {	1934	886,000	5.6	4,945,000
	1935	938,000	5.8	5,478,000

It will be observed that the principal factors were (a) a greater acreage in 1935 of the high-yielding variety Ashmouni-Zagora, (b) a much higher yield of Giza 7 from a smaller acreage in 1935, and (c) a much smaller acreage of Sakellarides in 1935, which, however, produced a higher yield by 0.6 cantars per feddan.

In the season ending the 31st August 1936, the growing area was 1,716,000 feddans (an increase of 47,000 feddans on 1935) estimated to produce 9,231,000 cantars (excluding scarto) from an average yield of 5.5 cantars per feddan. The 1936 crop is the largest ever produced in Egypt, and has happily coincided with a rising market for Egyptian cotton, although the latter part of the rise arrived too late to allow of much advantage being gained therefrom by the cultivator.

The average value of the 1935 cotton crop has been officially computed at \$13 $\frac{1}{2}$ per cantar and on this basis the season's exports, which reached 8,080,000 cantars, were valued at approximately £E.22,000,000.

In the five-year pre-depression period from 1925-26 to 1929-30 the average price of cotton on the Alexandria spot market was about \$25 per cantar, whilst the average price during the five-year period 1930-1 to 1934-5 only reached \$11 $\frac{7}{8}$ per cantar. The following table gives the quantities, average spot prices, and crop values for the ten seasons from 1926-7 to 1935-6:—

Cotton Season.	Arrivals.	Average price per cantar.	Calendar Year.	Exports.	
	Cantars.	Dollars.		Cantars.	£E.
1926-27 ...	8,634,851	21 $\frac{1}{2}$	1927	7,383,000	38,999,000
1927-28 ...	6,096,822	29 $\frac{1}{4}$	1928	7,433,000	45,138,000
1928-29 ...	8,011,680	25 $\frac{7}{8}$	1929	7,625,000	41,361,000
1929-30 ...	8,485,089	20 $\frac{3}{4}$	1930	5,927,000	23,788,000
1930-31 ...	7,946,913	12 $\frac{1}{2}$	1931	7,397,000	19,688,000
1931-32 ...	6,563,139	10 $\frac{1}{2}$	1932	6,699,000	17,867,000
1932-33 ...	5,049,791	12 $\frac{1}{4}$	1933	7,854,000	21,380,000
1933-34 ...	8,458,098	11 $\frac{3}{4}$	1934	8,564,000	24,788,000
1934-35 ...	7,494,162	13 $\frac{1}{2}$	1935	8,577,000	26,502,000
1935-36 ...	8,305,814	13 $\frac{1}{2}$	1936	7,798,000	25,020,000

N.B.—Approximately 7.3 cantars=736 lbs. net=1 Alexandria export bale.

For the calendar year 1935 exports amounted to 8,576,688 cantars valued at £E.26,502,065 of which the United Kingdom took 2,611,431 cantars worth £E.7,862,860, whilst in the following year they stood at 7,797,702 cantars valued at £E.25,019,561 of which the United Kingdom's share was 2,813,520 cantars, equivalent to £E.8,969,516.

After the fears occasioned by hostilities in Abyssinia which caused a rise in prices in the last quarter of 1935, considerable anxiety was caused by the cotton policy of the United States of America regarding (i) limitation of acreage, (ii) outflow of stocks, most of which had been given in guarantee of advances of \$0.12c., and (iii) depreciation of the dollar in terms of sterling. These factors might have caused a noticeable decline in prices during the first half of 1936 had not a general improvement in world economic conditions taken place concurrently resulting in an increased world consumption of cotton which left Egypt with a negligible carry-over.

The average cotton prices in 1936 were \$17.14 for Sakellarides and \$13.61 for Ashmouni, respectively, against \$15.48 and \$13.37 in 1935.

Exports for the first four months of the 1936-7 season from the 1st September to the 31st December 1936, amounted to 3,691,626 cantars, as compared with 4,009,231 cantars during the same period in the previous season when exports were

swollen owing to political tension in the Mediterranean. Nevertheless, by mid-March the season's exports had reached 6,211,774 cantars as compared with 5,631,526 cantars for the same period in the previous season. Increased purchases by the United Kingdom and Japan were the principal cause of this position, the latter country by the end of March having become the second largest buyer. On the other hand, Spain, which took some 60,000 bales during the cotton season ending the 31st August 1936, had taken none since July 1936.

(b) "*Giza 7*" *Contract*.—A Ministerial Arrêté No. 73 creating a new cotton futures contract as from March 1937, for the variety named "*Giza 7*" was published in Extraordinary No. 126 of the "*Journal Officiel*" of the 6th December 1936. An end has thus been put to an undesirable situation involving prejudice not only to the trade in general but also to the producer as a result of the failure of the Sakellarides contract to provide a proper hedge for *Giza 7*. Sakellarides has ceased to be either the characteristic, or quantitatively the most important, of the long-staple cottons grown in Egypt. Its place was taken in 1935 by *Giza 7*. Fully-Good-Fair grade Sakellarides had, however, remained the basis of the long-staple contract, and under the conditions governing delivery against it tenderers of *Giza 7* had to indemnify receivers with the price difference between the two varieties ruling on the spot market at the time of delivery. This obligation practically invalidated the contract altogether as a hedge for *Giza 7* since the amount of the indemnity was virtually unpredictable for any appreciable period of time. The spot price of Fully-Good-Fair *Giza 7*, which was one of the determinants, represented sufficiently accurately the resultant of the equation of trade demand to supply, but the spot price of Fully-Good-Fair Sakellarides, the other determinant, could be manipulated to a practically unlimited extent owing to the restricted supply available. There are now three bases for cotton contracts, the two long-staple contracts, being the Sakellarides and the *Giza 7* respectively, and the Ashmouni for short-staple varieties.

The last development in this matter may, however, not yet have been seen since it is held by many an even better solution of the situation than the one adopted would have been the official establishment of a single long-staple and a single short-staple contract, to each of which would be attached a list of the varieties recognised in each contract. These lists could then be suitably amended from time to time as circumstances might dictate.

(c) *Cotton Research Board*.—This Board, which is established at Giza near the Ministry of Agriculture of which it is an emanation, is in charge of all operations conducive to the improvement of the cotton plant and its intensive cultivation for

export. The following notes on its recent activities indicate some of the features of the cotton-growing industry to which the Board gives its constant attention.

Control of Crop.—About 90 per cent. of the 1935 crop was grown from Government seed-stocks, provided by annual seed-renewal from Giza, the descendants of pedigree plants which were growing at Giza in or after 1925. This applies to "Uppers with "Zagora", and to "Sakel" as well as to the specifically numbered Giza and Sakha cottons.

Giza 7.—Giza 7 has grown rapidly during the last two years. A quarter of an acre in 1926 produced 1.25 million cantars in 1935. This shows that it is practicable (and not merely possible) to plant all Egypt from one cotton seed in 10 years. In 1935 it occupied a similar area to Sakel but it gave one-third of a million cantars more; at \$15 instead of \$16 for Sakel, the profit to Egypt in this single season was £E.1,000,000, a figure much exceeded in 1936.

Other new varieties.—The introduction of the best spinning cotton ever grown in Egypt has begun with Giza 26. It is 10 per cent. stronger than Sakel, grade for grade, and yields moderately well, midway between Sakel and Maarad. It is a specialised product.

An easy-growing and easy-working cotton named Giza 12 is developing quickly. It will probably replace Delta Ashmouni (Zagora). It is relatively coarse, but as long as Sakel and the best yielder in Egypt as yet.

Two new cottons isolated during this period will probably displace all these in 10 years' time. They pay \$170 to \$180 per acre, as compared with \$168 from Giza 7 and only \$116 from Sakel. One is of Sakel quality.

The Spinning Test Mill.—The spinning test mill at the Botanical Section has exceeded all expectations. Its output is over a thousand tests a year, and by planned experiments in intimate liaison with the biologists it is revealing valuable information on every side of the growing, ginning, merchanting, and spinning of cotton.

Sand-sowing, or properly Dibble-sowing.—The use of this has begun to develop without any propaganda being needed. The average improvement in yield is 8 per cent. to 10 per cent., an astonishing effect from such a simple alteration.

Pink Bollworm Control.—The way to control this pest is well established by destruction of old bolls on cotton sticks. The practical objection is the cultivator's need for such sticks as fuel. A large scale statistical study covering some hundreds of square kilometres is in progress, to arrive at an exact costing of the operation.

Soil Studies.—Fundamental work on fertility, manuring, and deterioration is in steady progress.

(d) *Alexandria Testing House*.—During the cotton year 1935-6 the Alexandria Testing House showed a marked increase in all its activities. This increase was particularly noticeable in the department dealing with humidity tests on hydraulically-pressed cotton from the interior, though tests in respect of steam-pressed bales for spinners abroad have also been on the increase.

Practically all merchants and exporters now have regular and, in many cases, daily recourse to the Testing House. This may be taken as evidence of the increasing degree of confidence in this institution. Some apathy on the part of spinners is still apparent, due, perhaps, to the fact that they have not yet fully realised the advantages to be gained by testing in Egypt.

In addition to its ordinary work on moisture, the Alexandria Testing House also acts as intermediary between exporters and spinners in the way of drawing cotton samples for type and staples, and has now under consideration the organisation and equipment of a special laboratory for the purpose of carrying out special tests in connection with the estimation of the quality of various cotton types.

Although the existing installation is sufficient to cope with the present demand, and is in a position to deal with approximately 400 to 500 tests daily, the premises are being enlarged to allow floor space for new conditioning ovens in anticipation of a greater demand for tests from merchants, exporters and spinners next season.

(e) *Cotton Pests*.—Special and energetic measures were taken by the Ministry of Agriculture early in 1936 to cope with the cottonleaf worm, the presence of which in dangerous numbers was reported from various points of the country in May. Notwithstanding the handicap under which the Ministry of Agriculture and local authorities laboured owing to the failure (as usual) of some 18,000 farmers to abide by the dispositions of the Berseem (lucerne) Law which prohibits the watering of lucerne after the 10th May so as to prevent its serving as a host for the worm to breed in, and to the fact that it was estimated that over 460,000 feddans (acres) were affected with the worm, the campaign of egg-cluster destruction (in which close on one million persons were engaged at a cost of about £E.40,000) directed by the Ministry was completely successful, the damage effected by the pest being kept within very restricted limits.

Wheat.—The subjoined table gives details of the Egyptian wheat production during the last six years:—

<i>Year.</i>	<i>Metric Tons.</i>
1931	1,253,850
1932	1,431,150
1933	1,087,350
1934	1,014,450
1935	1,176,300
1936	1,243,800

Towards the end of 1936 considerable agitation took place among Egyptian wheat cultivators and merchants following a steady decline of wheat prices in Egypt, occasioned, presumably, by over-production induced by a high protective tariff.

Throughout 1935 abnormally high prices ruled for home-grown wheat, whilst during 1936 they dropped as stated above, and this at a time when foreign wheat was so increasing in price that Australian wheat rose from £6 to £11 per English ton f.o.b. London, in contrast with Egyptian wheat which decreased owing to a plentiful crop to from £8 to £10 per English ton, according to quality.

In June 1936, this slump in prices determined the Crédit Agricole d'Egypte to reduce the loans which it had agreed to grant to cultivators from P.T.100-110 per ardeb of 150 kilograms to less than P.T.90. Government intervened, however, with a view to averting serious loss to cultivators and arranged for the Bank to continue to advance loans at the agreed rate of P.T.100-110 per ardeb according to quality. This, it was considered, would stabilise the market until the surplus stock held locally had been cleared. It was further arranged with the Bank that all advances on wheat which were due to be repaid before the 1st January 1937, should be extended until the 30th April 1937.

It was claimed by cultivators and merchants that, whilst this measure would undoubtedly prove helpful, it would not suffice to overcome all their difficulties, and they, therefore, appealed to the Government for the grant of a subsidy of P.T.15 to P.T.20 on every ardeb exported abroad. This demand was at first rejected by the Government on the ground that the position of the consumer had also to be considered and that a sudden increase in the local price of wheat and flour would entail an increase in the price of bread, which would bear heavily on the masses. Negotiations, however, between the cultivators and the Government were continued and in view of the continued weakness of the Egyptian wheat market the Government decided that it would be to the advantage of the country to encourage the export of wheat, and an agreement was accordingly entered into on the 7th April 1937, between the Government and the Crédit Agricole d'Egypte whereby the

latter was authorised to sell for export any of its stored wheat on which advances had been made to cultivators against a Government guarantee, at a discount of P.T.10 (2s. $\frac{1}{2}$ d.) per ardeb (150 kilograms).

Onions.—The area under onions and the quantum of the crop during the last three years were as follows:—

Year.	Area. Feddans.	Production. Tons.	Exported.
			Tons.
1934	...	39,273	257,090
1935	...	32,446	210,270
1936	...	30,125	208,770
			121,195
			140,321
			117,166

The onion is Egypt's second most important crop, coming immediately after cotton and its derivatives in order of value, although rice is now challenging this position.

Onions are shipped principally from Alexandria, only a small percentage of the exports being loaded at Port Said and Suez. Their export is subject to control to ensure the satisfaction of importers in foreign markets regarding quality and grade; there are control offices at Alexandria, Port Said, Suez, Cairo and Kantara.

As in the case of cotton and of its derivatives, the United Kingdom is the principal purchaser of Egyptian onions.

A section on onions will be found in Chapter IV where the onion fund for exports to Germany is also discussed.

Rice.—The areas under rice cultivation in the Delta are principally confined to the provinces of Behera, Dakahlia, and the northern portion of Gharbia, particularly in the vicinity of Damietta, in which districts the normal distribution of water permits of an early and quick crop.

The second heightening of the Aswan dam has permitted larger areas to be irrigated with the consequential result of an increase in the cultivation of rice. The following table shows the area under rice and the production and exports during the last six years:—

Year.	Area cultivated. Feddans.	Production.	Export.
			Metric Tons.
1931	...	64,928	31,000
1932	...	471,508	47,000
1933	...	422,000	96,500
1934	...	391,693	88,000
1935	...	470,569	71,000
1936	...	470,979	139,000

To-day Egypt not only grows sufficient rice to meet the requirements of the country, but is also in a position to export a not inconsiderable quantity annually, as reference to the above table will show. The total exports (principally to Roumania, Greece, Holland, Palestine, and Syria) amounted to 71,000 metric tons in 1935, and 139,000 metric tons in 1936.

Owing to an unusually restricted Nile-flow in 1937, the amount of water available for rice cultivation is strictly limited, and the area under rice will be considerably reduced this year.

Fruit.—The careful and systematic development of the fruit-growing industry is one of many endeavours promoted by the Egyptian Government with the object of broadening Egypt's economic basis in view of the high quality of Egyptian citrus fruits and of the fact that as the result of ideal climatic conditions the fruit ripens early in the year and is in demand in Central Europe. Consequently, and with the help of the Government who maintain the import duty on foreign fruit at a protective level, the cultivation of fruit trees, especially citrus fruits, has been rapidly growing during the last few years. So much has this been the fact that by now citrus trees number about seven and a half millions, and account for nearly 60 per cent. of the total area under fruit, with the result that the output of oranges, tangerines, and lemons exceeded local demand and an export trade came into being in 1932.

The following figures show the area in feddans of the lands cultivated with oranges and tangerines compared with the total area under fruit:—

Year.	Area in Feddans.				Total Fruit Lands.
	Oranges and Tangerines.				
1932	15,704	42,693
1936	26,953	59,247

With a view to developing this new export line the former Department of Commerce and Industry towards the end of 1931 sent to foreign markets experimental consignments of Egyptian oranges and tangerines, which were followed in due course by further experimental consignments of sweet and bitter Egyptian lemons.

During the 1933-4 season certain private interests, commercial organisations, and co-operative societies began exportation on their own account, still under the control of the Department of Commerce and Industry and encouraged by a bounty varying from P.T.7·5 to P.T.15 per case, and technical assistance rendered by competent Government Departments. Thus in the course of a few years Egypt turned over from importing citrus fruits to exporting them.

The following table affords a clear picture of how annual imports of this commodity have gradually decreased during the last seven years while exports have commensurately risen:—

Year.	Oranges, tangerines, and sweet lemons.			
	Exports.		Imports.	
	Tons.	£E.	Tons.	£E.
*1930	20	200	8,632	63,198
1931	56	535	3,949	28,100
1932	190	2,723	2,487	23,589
1933	830	6,399	2,575	13,937
1934	2,867	17,562	372	3,301
1935	5,110	35,271	205	2,194
1936	5,171	35,931	389	3,957

* From the 1st March to the 31st December.

It is to be noted that the export bounty is granted with the proviso that the exporter must fulfil certain conditions and specifications in connection with his exports. The following credits have been opened by the Egyptian Government to cover the cost of export bounties on citrus fruits:—

Financial year.	£E.	Financial year.	£E.
1933-34	35,000	1935-36	33,500
1934-35	65,769*	1936-37	25,000

* £E.5,000 of this sum was in respect of propaganda abroad in favour of Egyptian citrus fruits and £E.14,769 was to cover losses on fruit and vegetable exports incurred in 1932.

It will be noted that at the moment the export bounty is more or less equivalent to the value of the total exports which in 1936 did not exceed in value or volume those of 1935. It will be interesting to note the course of this industry during the coming years, and whether the quantum of exports will rise and that of bounty will continue to drop as in 1936-7 it showed signs of doing.

Maize.—The maize crop is of great importance to Egypt as most of the bread consumed by the masses is made of maize, not wheat, flour. As a consequence, a large crop which varies from 1.5 to 2 million metric tons is wholly consumed in Egypt, none being left for export. The maize yield in Egypt per feddan is one metric ton, an excellent return. Only Canada with 1.1 tons betters this, whilst Austria equals it. The Argentine secures a return of .84 tons, France .63, and China .55.

The subjoined table gives acreage and production figures for the last 10 years.

Year.						Area. Feddans.	Production. Metric Tons.	<i>Maize.</i>
			
1927	...	...	...	...	...	2,133,220	2,080,727	
1928	...	...	...	...	...	2,059,371	1,995,029	
1929	...	...	...	...	...	1,846,756	1,764,423	
1930	...	...	...	...	...	1,826,856	1,775,198	
1931	...	...	...	...	...	2,113,397	1,986,410	
1932	...	...	...	...	...	1,968,351	1,931,866	
1933	...	...	...	...	...	1,578,214	1,475,813	
1934	...	...	...	...	...	1,572,168	1,571,824	
1935	...	...	...	...	...	1,574,610	1,689,009	
1936	...	...	...	...	...	1,520,408	1,595,341	

Barley.—This crop produces on average approximately 234,000 metric tons from 323,000 feddans which is equivalent to a return of .72 of a ton per feddan. The whole production is used within the country for feeding livestock, supplying local breweries, and seed requirements. That considerably larger quantities can be produced if desired is proved by the fact that during the years of the Great War (1915 to 1917) the average crop was 305,000 metric tons.

Miscellaneous.—Other crops produced and consumed inside Egypt are millet, beans, and sesame.

VII. TRANSPORT AND COMMUNICATIONS.

General.—Egyptian communications, internal and external, underwent considerable expansion during the two years under review, and this welcome development has been examined in some detail in the following pages. It will, therefore, suffice here to observe that political events in 1935-6 and the signing of the Anglo-Egyptian treaty in the latter year led to an extension of the road and railway systems within the country, while Egypt's ideal situation at a natural nodal point for all maritime and aerial routes between Europe on the one hand and Asia, Africa, and Australasia on the other has led to a constant increase of international air communications passing over Egypt.

The only field where little or no development has occurred is in that of canals and inland waterways.

Postal services between Egypt and foreign countries have improved in parallel with the continued development of air

mail services, and Egypt's foreign postal communications in regard to letter and fragile or valuable parcel mail leave little to be desired.

Complaint is heard, however, in business circles of the fact that parcel mails are still transported by the long sea-route. Comment also occurs upon the high level of Egyptian foreign postal rates.

Air Communications.—(1) *Legislation.*—A decree-law (No. 57 of the 23rd May 1935), regarding navigation of the air, which claims for the State full and exclusive sovereignty over the atmospheric space above its territory, and foresees the adoption of further laws to regulate aerial navigation, was promulgated in 1935.

A further decree was issued on the same date regulating aerial navigation, and enacting, *inter alia*, that aircraft are forbidden to fly over Egyptian territory or to alight thereon without the previous authorisation of the Ministry of Communications. Such authorisation is not to be given except to aircraft duly provided with a certificate of registration from the country of origin and a certificate of airworthiness issued or validated by the authorities of that country. The law enumerates various other conditions compliance with which is required in regard to marks of nationality and registration, provision of instruments and log book, qualifications of personnel, etc.

(2) *Civil Air-lines.*—*Imperial Airways, Limited.*—During 1935 and 1936 Imperial Airways, Limited, operated services via Egypt between England, India and Australia, and between England and South Africa, with connecting services to Hong Kong in the one case and to West Africa in the other.

In January 1937 the first through service from Alexandria to England with passengers was accomplished in two days, and in March the "Caledonia," one of the long distance "C" class flying boats, flew non-stop from Southampton to Alexandria, a distance of 2,500 miles, at a speed of 170 miles per hour, returning after a few days in 15 hours, the distance covered being greater than the projected trans-Atlantic service via the Irish Free State and Newfoundland. In this month the all-air service was inaugurated between England and Egypt, thereby eliminating the train sectors Paris-Brindisi or Paris-Marseilles. All services from Egypt to England have now reduced the journey to two days, while the journey from England to Egypt takes two days and a half. It is anticipated that in May it will be possible to reduce the latter journey also to two days only. It is also hoped to begin in May a weekly service in each direction between Alexandria and Kisumu with the new "C" class flying boats.

The following are the services via Egypt now (April 1937) operated by Imperial Airways, Limited, and its associated companies to Australia, Hong Kong, South Africa and West Africa, showing the route followed and the aircraft employed:—

(a) *England to East and South Africa.**

Services twice weekly in both directions.

Southampton—Alexandria. Empire flying boats.

Alexandria—Kisumu. Hannibal class land aircraft.

Kisumu—Germiston. Atalanta class land aircraft.

Germiston—Cape Town. Junkers land aircraft, operated by South African Airways, Limited.

Time taken—10 days.

(b) *England to West Africa.*

Once weekly in both directions.

As for (a) to Alexandria.

Alexandria—Khartoum. Hannibal class land aircraft.

Khartoum—Lagos. De Havilland 86 land aircraft.

Time taken—7½ days.

(c) *England to Australia.*

Twice weekly in both directions.

As for (a) to Alexandria.

Alexandria—Karachi. Hannibal class land aircraft.

Karachi—Singapore. Atalanta class land aircraft.

Singapore—Brisbane. De Havilland 86 land aircraft, operated by Qantas Empire Airways.

Time taken—12½ days.

(d) *England to Hong Kong.*

Once weekly in both directions.

As for (c) to Karachi.

Karachi—Penang. Atalanta class land aircraft.

Penang—Hong Kong. De Havilland 86 land aircraft.

Time taken—11 days.

Misr Airwork.—This company continued to develop its activities, and, with a view to increasing the existing connections between Egypt and the Near East, inaugurated in the autumn of 1936 a new regular weekly service between Cairo and Baghdad. The question of making Damascus the centre for the landing of machines on the Iraq service is at present under consideration.

The company has a fully equipped service dépôt at Almaza Airport (near Cairo) capable of dealing with all repairs and

* On 1st June, 1937 a new service began operation. The route now goes from Southampton to Durban via Alexandria and Cairo and is operated entirely by Empire flying boats. There are three services weekly to Kisumu and a bi-weekly through service to Durban the journey taking 6½ days.

overhauls of any type of aircraft and/or engine. It also has a fully equipped and up-to-date flying school at Almaza in charge of highly experienced instructors.

The following table summarises the activities of the company's services during 1936:—

Service Routes.	Period of Operation
Cairo/Alexandria and vice-versâ (three services daily each way).	All the year round
Cairo/Port Said/Lydda/Haifa for Jerusalem, Jaffa, and Tel Aviv, and vice versa (daily).	All the year round
Cairo/Port Said/Cyprus/Haifa/Baghdad, and vice versa (once weekly).	10.8.36 to 7.9.36.
Cairo/Cyprus/Baghdad, and vice versa (once weekly).	9.9.36 to 4.10.36.
Cairo/Port Said/Haifa/Baghdad, and vice versa (once weekly)....	7.10.36 to 31.12.36.
Haifa/Baghdad/Haifa (once weekly).	9.9.36 to 31.12.36.
Alexandria / Port Said / Cairo / Minia / Assiut, and vice versa (daily).	All the year round.

Royal Dutch Lines.—This company (K.L.M.) continues to operate a twice-weekly service from Amsterdam via Alexandria to Batavia, the journey occupying five and a half days. The question of a direct service between Amsterdam and Cairo via the Balkans is under study by the competent authorities.

Ala Littoria.—The negotiations which were in progress during the year 1934 with the view to the extension of an Italian air service Tobruk-Bengazi to Alexandria resulted in 1935 in the grant of a provisional authorisation by the Egyptian Government to the nominated Italian air transport "Ala Littoria" Company.

The company commenced the operation of this service in September 1935, and with effect from early December 1935, was authorised to extend the service to Asmara (via Wadi Halfa) operating twice weekly.

As from the 22nd February 1936, the company was authorised to increase its services between Bengazi and Khartoum to three times, and shortly afterwards to four times a week.

(3) *Royal Aero Club of Egypt.*—The Royal Aero Club of Egypt was founded in 1930 with the object of encouraging and developing aviation in general, and private and sporting flying and air tourism in particular; as it is assisted financially by the Egyptian Government and is the sole recognised representative in Egypt of the Fédération Aéronautique Internationale.

In 1933 the annual conference of that body was held in Cairo—the first time that this well-known organisation had held this conference outside Europe since its formation in 1905.

The Royal Aero Club of Egypt is the only authority in the country responsible for the issue of *carnets de passage en douane*. It organised an international aviation meeting (the first Oases meeting) in Cairo in 1933 to coincide with the international conference of that year, and it subsequently organised the arrangements for the third meeting (the second Oases rally) at Cairo in February 1937. It is planned to hold a similar event every two years.

The official organ of the Club is the Egyptian Aviation Magazine, which appears monthly in Arabic and English.

(4) *Gliding and Soaring*.—Gliding was introduced into Egypt by a small group of young enthusiasts who, under the guidance and generous assistance of the Nabil Abbas Halim and Kamel Bey Eloui, founded the "Egyptian Gliding Club" in 1932. Lack of funds, however, and other difficulties led to the dissolution of the club in 1935. In the same year the attempts of another group to form a gliding club were frustrated but a modern gliding school known as the "Royal Aero Club Gliding School" was finally formed in January 1936, by His Excellency Mohamed Tahir Pasha, President of the Royal Aero Club of Egypt. Work commenced in March and continued till July, closed down during the summer months, and was resumed in November.

The number of candidates for the school has increased so rapidly that a division of the school will be necessary in the near future to provide separate facilities for beginners and qualified pilots.

Canals and Inland Waterways.—The estimated number of merchant vessels and their approximate total carrying capacity calculated in tons actually trading on the inland waterways of Egypt (river and canals) is as follows:—

Sailing vessels	...	...	...	...	15,000	= 900,000 tons.
Self-propelled steel barges (steam and motor)					98	= 21,000 tons.
Steel dumb barges	...	...	...	...	173	= 36,000 tons.
Steam and motor tugs	...	...	...	...	68	

Owing to the unsettled international situation during the last few months of 1935, and the fear of an outbreak of war, cotton from the Interior was rushed to Alexandria by rail with the result that all Nile navigation companies carried smaller quantities of cotton than usual during the cotton season 1935-6, their earnings being consequently adversely affected.

Until the end of August 1936, the five leading Nile navigation companies were working under an agreement with the

Egyptian State Railways. This agreement, which only covered cotton and cottonseed, was, however, not renewed, and competition between the various companies brought down the rate of freight on cotton from Minia to Alexandria from P.T.4.5 per cantar to P.T.2 per cantar. Negotiations between the various interests are now in progress with a view to eliminating competition which is causing heavy losses to all companies.

Despite various improvements which have been effected or are now in progress such as the heightening of the Aswan dam, the strengthening of the Assiut barrage, and the construction of the new Delta barrage, river traffic is still, according to the inland water transport interests, carried on under considerable difficulties owing to the many locks and bridges which have to be negotiated and also on account of the periods of closure and low water which form a serious obstacle to normal and continuous working.

There would appear to be some ground for a careful examination of the position by the competent authorities with a view to improving facilities for inland navigation.

Railways.—(1) *General.*—The Egyptian Government has always looked upon the Egyptian State Railways as an important source of revenue as indeed they were when railway profits were more easily come by than to-day, and to ensure a continuance of such a happy state of affairs the Council of Ministers decided in 1935 that 25 per cent. of the gross receipts of the Egyptian State Railways should be appropriated annually to Government, without regard to the total figure disbursements on working expenses, capital works, repairs, and maintenance might happen to attain.

During the financial year 1934-5 the gross receipts amounted to £E.5,119,761. From this sum the following amounts had to be deducted, viz:—£E.1,274,961 representing the 25 per cent. share of the Government, and £E.3,726,835 representing working expenses and capital works, leaving a residual surplus of £E.117,965. To this amount there fell to be added the sum of £E.66,176 representing a credit balance on workshops and stores account, making a total credit of £E.184,141 for the financial year, which was carried to the credit of the general railway reserve fund, bringing this to £E.539,671.

In the financial year 1935-6 the gross receipts amounted to £E.5,145,246. From this sum the following amounts had to be deducted, viz:—£E.1,286,312 representing the 25 per cent. share of the Government, and £E.4,429,098 representing the working expenses and capital works, leaving a deficit of £E.569,164.

To this sum of £E.569,164 there fell to be added £E.320,715 representing a debit balance on workshops and stores account, making a total deficit of £E.890,879 for the financial year. This was carried to the debit of the general railway reserve fund which thus showed a debit of £E.351,208.

Working expenses increased by £E.500,000 (+ 14 per cent.) in 1935-6, whereas gross receipts only rose by £E.25,000 (+ .05 per cent.). With but small expectation of a material improvement in receipts, and with every indication of a continued rise in expenses, the nett receipts must continue to show a steady and progressive decrease.

In 1935-6 passenger traffic declined by 568,000 in number and £E.83,000 in revenue, whereas public merchandise carried over the same period increased by 365,000 tons and £E.81,000 revenue.

Expenditure for 1936-7 is estimated at:—

	£E.	£E.
Working expenses	4,048,500	
New works	601,000	
Government share of gross receipts	<u>1,272,500</u>	
 Total	 5,922,000	
Receipts	5,184,500	
 Deficit	<u>737,500</u>	

The deficit is to be met by a sum of £E.136,500 to be debited to the Administration's general reserve fund, already considerably in deficit, and a Government loan of £E.601,000 drawn on the Government's general reserve fund.

The cost of new works, as quoted hereunder, will be borne out of the Government loan of £E.601,000.

	£E.
Works of a recurrent nature	29,000
Renewals programme	328,550
Continuation of works already commenced	192,000
Works to be commenced and completed in 1936-37	10,780
Works to be commenced in 1936-37 and spread over several years	15,000
Purchase of land, salaries, and Customs dues ...	<u>81,000</u>
 Anticipated underspending, etc.	<u>55,330</u>
 601,000	<u>656,330</u>

(2) *Rolling-stock*.—The Railways Administration's purchase of locomotives and various kinds of trucks in 1935 are referred to in the previous report. Early in 1936 15 side-tank locomotives were purchased from the United Kingdom.

(3) *New Works*. (a) *Fuka to Mersa Matruh Extension*.—Last in 1935 it was decided to extend the Alexandria-Fuka railway line to Mersa Matruh, a distance of 79 kilometres. Work was begun on the 1st January, 1936, and 77 days later the line was completed to within a few hundred yards of Mersa Matruh. This latter short distance necessitated the blasting of a large quantity of rock which delayed completion of the work. The construction of the line included 79 kilometres of permanent way, four bridges, and four stations, and the work was performed in the face of considerable difficulties owing to lack of water and frequent sand-storms. Water and food had to be brought to railhead and thence distributed by lorries to advance parties. The construction of the line in so short a time and under such difficult circumstances constituted no mean engineering feat on the part of the Egyptian State Railways.

(b) *Nag Hamadi Bridge*.—The contract for this new railway bridge over the Nile was awarded in 1936 to a Continental firm.

(4) *Services*. (a) *Cairo-Suez Railcars*.—On the 11th October 1935, a passenger service between Cairo and Suez, 129 kilometres via the new direct line, was inaugurated with diesel railcars containing first and second class accommodation. Two daily services are in operation each way, the time taken being approximately two hours as compared with the former fastest time of about five hours by the indirect route via Ismailia. Complaints have, however, been heard that an economy of comfort has, unfortunately, also occurred.

(b) *Cairo-Helwan Railcars*.—Since the 1st December 1935, the train service between Cairo and Helwan has been supplemented by a diesel railcar service for first and second class passengers. The journey of 15 miles, including three intermediate stops, takes about half an hour. The question of electrification of this line, which has been raised from time to time, has now been left in abeyance until such time as the construction of a tube railway joining Helwan to Mataria with an underground central section beneath Cairo appears justified.

(c) *Port Said-Cairo Railcars*.—As from the 1st May 1937, a fast diesel railcar service was instituted between Port Said and Cairo, leaving Port Said at 7 a.m. and arriving at Cairo at 10.35 a.m., thus enabling travellers to spend a full day in Cairo before returning to Port Said.

(d) *Road Transport*.—On the 7th July 1935, the Eastern Commercial Company, in which the Egyptian State Railways hold 51 per cent. of the shares, took over the management and

Operation of all Egyptian State Railways road passenger omnibuses. In addition to operating many of the routes previously worked by the Egyptian State Railways, the ten or more new routes are now being worked by this Company.

The Company owns a fleet of 97 omnibuses for the whole service.

(e) *Parcel collection and delivery.*—On the 1st August 1935, the Egyptian State Railways inaugurated a service for the collection and delivery of parcels by express and passenger trains at Cairo and Alexandria. Parcels from all Egyptian State Railways stations are now delivered in Cairo and Alexandria within a radius of eight kilometres of the main stations to the address given by the senders. Personal luggage is collected and delivered from and to passengers' private addresses in Cairo and Alexandria and also from or to steamers at Alexandria. If found satisfactory, this service may be extended to other large towns.

Road Transport, Public.—(1) *General.*—In Cairo, and to a lesser extent in Alexandria and Ramleh, the former chaotic and precarious system of motor omnibus transport by licence is being replaced either by the adjudication of specific routes to concessionary companies paying royalty to the Egyptian Government, or in certain cases (as for instance between Benha and Cairo and in the Ramleh district of Alexandria) by the operation of a State-owned service. Nevertheless, the policy of the Government tends at present to be against a general monopoly and appears to favour the adjudication of specific routes or groups of routes under State supervision by means of rigorous concessionary contracts. As has already been mentioned, some services are already operated by the State, but there is no indication at present of any desire or intention to extend State operation.

(2) *Passenger transport.*—(a) *Cairo area.*—Both motor omnibus services and electric tramways connect various points in the city and the suburbs. The electric tramway network is efficiently managed and operated by the Société des Tramways du Caire, a Belgian company with a capital of 54 million francs. At present, the company has tramways operating on 17 lines which constitute the Cairo network.

The motor omnibus services in Cairo are principally under the management and control of the Egyptian General Omnibus Company, a Société Anonyme Egyptienne, with a capital fully paid up of £E.220,000. This company at present operates 14 out of 18 routes authorised in the metropolis. Of the other remaining four routes, which brings the total to 18 for Cairo, one is entirely in Egyptian hands, whilst the capital of the other three is mainly Egyptian.

The Cairo Electric Railways and Heliopolis Oases Company, also a Belgian concern, operates three electric lines:—

- (a) the Metropolitan Electric Railway running from Heliopolis to the centre of Cairo;
- (b) a tramway which runs between Heliopolis and Abbassia; and
- (c) a line from Almaza to Koubbeh Palace.

(b) *Provinces.—The Fayoum.*—The Société des Omnibus de Fayoum, an Egyptian company established in 1932 with an authorised capital of £E.33,170, operates motor omnibus services in the province of Fayoum and neighbouring districts. In addition to this there is a light railway system in the Fayoum province, which also operates an omnibus service between Cairo and the district of Fayoum.

The motor omnibus services connecting the large towns with the villages and those providing inter-village communications are principally in the hands of private individuals owning one or more motor omnibus under licence renewable annually.

The Delta.—The Egyptian State Railways run their own road service between Cairo and Benha. In addition, special road services are operated by both the Delta Light Railways (Tanta-Damanhour area) and the Chemins de Fer de la Basse Egypte (Mansura-Damietta area) in their respective zones in the Delta.

(c) *Alexandria area.*—The Alexandria town electric tramway system is run by the Société Anonyme des Tramways d'Alexandrie, a Belgian company. This company also has a large holding in the Alexandria-Ramleh Railways Company, Limited, whose concession was withdrawn some years ago by the Alexandria Municipality, on whose behalf the Egyptian State Railways operate the electric railroad system which serves the suburbs along the Ramleh line out to Sidi Bishr. The concession for omnibus services, which for some time past have competed with the Ramleh electric service, have been withdrawn from private companies and granted to the Egyptian State Railways who now control the whole transport system in the Ramleh suburbs of Alexandria. Negotiations are at present being conducted between the Alexandria Municipality and the Egyptian State Railways for the grant to the latter of a concession for the whole of the Ramleh transport system, on terms which are still under discussion.

In addition to the above, the Société des Autobus d'Alexandrie, a private Egyptian company with a capital of £E.25,000, run their own omnibus services in the town and between the town and the suburbs of Alexandria.

A number of privately owned omnibuses are still operating in Alexandria and district, but these are now gradually being withdrawn to be replaced, possibly, by concessionary companies.

(d) *Licences*.—The present system of omnibus transport by licence is likely to undergo important changes. A draft law is at present under consideration in the Ministry of Communications, the purpose of which is to divide the country into seven zones for the operation of motor omnibus services ancillary to the system of the Egyptian State Railways.

The principal dispositions of the draft law include:—

(a) A deposit of £E.75 per light motor omnibus and £E.100 per heavy motor omnibus by each tenderer for a concession, such deposit to be returnable in full if the tenderer's offer is not accepted, but to be retained by the Ministry, should the offer be accepted, until the expiration of the concession.

(b) In the event of a concession being granted to a foreign company, the latter must be reconstituted as an Egyptian company, or a separate Société Anonyme Egyptienne must be created within a month of the date of the concession.

In either case, however, one-third at least of the capital must be in Egyptian hands.

(c) The duration of the concession will be for five years (it is hoped that this period will be extended to ten years).

(d) From the date the concession comes into force, the concessionnaire is required to put into operation on each of the routes all the motor omnibuses required. Any delay will entail a fine of £E.2 per day per missing vehicle.

(e) The Government will have the right to purchase the undertaking at any time by giving three months' notice and paying the value of the material, both fixed and mobile.

(f) The concessionnaire will be required to pay to the Government an annual charge calculated proportionately to the gross receipts in accordance with the rate specified in the tender.

(3) *Freight Haulage*.—(a) *General*.—Although the motor transport industry has been in existence for a considerable time and has been welcomed by the public, little has been done by the authorities to organise this potentially important branch of industry, with the result that until quite recently no particular attention was paid either to the condition and security of freight vehicles, or to their loading capacity.

Eighty per cent. of this industry is in the hands of small Egyptian owners and there are only a few organised companies operating as motor hauliers.

A cheap American chassis principally appeals with the result that American lorries predominate, followed by German, English, and Swedish.

(b) *Licence Commission*.—In December 1931, a special Commission was formed to take over from the Ministry of the Interior the issue and renewal of licences for commercial vehicles. Whilst the ostensible object of this Commission was the control of commercial motor traffic and the limitation of the issue of

licences to the number of vehicles which it was considered the roads in any given district could bear, complaints were widespread regarding the refusal of the Commission to renew, or their vexatious delays in issuing licences, in the hope of restricting the volume of road haulage competing with the Egyptian State Railways.

As a result of representations made to the competent authorities the situation improved in 1934, and up to the beginning of 1937 few complaints were heard; 2,439 lorries were in circulation on the 31st December 1935, whilst at the end of 1936 the total had reached 2,794. Since January 1937, however, complaints have been general that no new licences for commercial motor vehicles are being granted, although existing ones are being renewed. In view of this change of policy it is unlikely that the increase in the number of lorries in circulation at the end of 1936 as compared with that in 1935 will be maintained during 1937.

It is understood in some quarters that the proposal to divide the country into seven zones referred to above in connection with motor omnibus services may be applied to freight haulage, and it is believed that the possibility of issuing permits for circulation in more than one zone may be under consideration.

(c) *Running Regulations*.—A Ministerial Arrêté dated the 17th June 1936, lays down conditions of solidity and security for motor omnibuses, lorries, and taxicabs. In regard to lorries, the Ministerial order lays down the following conditions:—

Length.—The total length of vehicle must not exceed eight metres (26 feet) in accordance with local conditions.

Overhang.—The maximum overhang is fixed at 30 per cent. of the total length of the vehicle.

Doors.—Two doors are considered desirable.

Body.—If the body is of wood, this must be of beech, or of some other wood of similar quality, reinforced at each corner by iron brackets.

Weight.—The maximum total weight of the vehicle completely loaded is fixed at eight tons. In towns, however, the weight may be increased to ten tons for four-wheeled vehicles and to twelve tons for six-wheeled vehicles.

Driving Mirror.—Each vehicle is to carry a mirror for the purpose of retrovision, thus enabling the driver to see overtaking vehicles.

Shipping.

(i) *General*.—(a) *Khedivial Mail Steamship & Graving Dock Co., Ltd.*—This concern was founded in 1898 with the object of carrying on all kinds of maritime business. The company maintain regular mail, passenger, and cargo services between:—

- (i) Alexandria and Piraeus, Malta, Marseilles.
- (ii) Alexandria and Port Said and ports of Cyprus.
- (iii) Alexandria and Port Said and ports of Palestine and Syria.
- (iv) Suez and Ports of Saudi Arabia and the Sudan.

The fleet of the company consists of the following steamers:—

	<i>Tons.</i>
s.s. " Khedive Ismail "	7,290
s.s. " Mohamed Aly El Kebir "	7,290
s.s. " Fouadieh "	1,853
s.s. " Taif "	1,590
s.s. " Talodi "	1,585
s.s. " Zamalek "	1,566
s.s. " Zaafaran "	1,563

Apart from the business of shipowners, the company also has a department dealing with shipbuilding and repairing, marine and general engineering, boiler-making, etc.

The mail contract for Cyprus expired on the 30th September 1936, but the service is being continued pending the conclusion of a fresh contract.

(b) *Misr Navigation Company*.—Thanks to a generous subsidy granted by the Government in the course of the financial year 1936-7, the above-mentioned company is understood to be able to contemplate the future with confidence. The numbers of pilgrims carried by this line in the last four years were as follows:—

1934	...	...	...	4,099	1936	...	...	...	5,812
1935	...	...	...	5,649	1937	...	...	...	10,533

Amongst its fleet of vessels the company run two special steamers, the " Zamzam " and the " Kawsar " to deal with the pilgrim traffic.

(c) *Alexandria Navigation Company*.—In addition to the subsidy to the Misr Navigation Company already referred to, a sum was included in the Budget for 1936-7 in favour of the Alexandria Navigation Company; this follows a subsidy to that company in the preceding financial year.

(d) *Pharaonic Mail Line, S.A.E.*.—The constitution of this company was officially confirmed in a decree dated the 21st January 1937. The authorised capital of the company has been fixed at £E.100,000 represented by 10,000 shares of £E.10 each, which have been fully subscribed and paid up as to one quarter.

(e) The *Yugoslav Lloyd* is still maintaining the fast fortnightly passenger service between Alexandria, Piraeus, Yugoslavian ports, and Trieste during the summer months which it inaugurated in 1935. The service is carried out by the s.s. " Princesa Olga " (8,500 tons gross) and begins in June.

(f) Statistics of arrivals of shipping at the principal Egyptian ports are given in Appendices Nos. XXVII (a) and XXVII (b).

(2) *Free Zone in Alexandria Harbour.*—With a view to encouraging and developing Egyptian and foreign transit trade, helping merchants in marketing their goods abroad, and stimulating simple local handicrafts connected with foreign trade, it was decided to create as from the 1st November 1936, a free zone in Alexandria harbour.

The unloading, reception, storage and loading of various merchandise will be freely facilitated in this zone in order to enable interests concerned to carry out various processes necessary for marketing goods, either locally or abroad, such as sorting, cleaning, mixing, or altering the packing or shape of goods. Local products intended to be mixed with foreign products, according to the requirements of trade, will be admitted to this zone without any Customs formalities.

Exports from the zone, without payment of Customs duty, will be encouraged. Withdrawals for local consumption will, naturally, be subject to the usual Customs formalities. Goods so withdrawn will be treated on the same footing as goods imported from abroad.

It is understood that the Customs Administration will apply to this zone all the regulations and laws in force for the prevention of adulteration and smuggling, and it will have the right to obtain all necessary statistical information. The Customs Administration will, in fact, apply to this zone the same *régime* as that operated in the free zone at Port Said, including the right of preventing the landing and storing of goods the importation of which is prohibited.

Should trade appreciate and avail itself of the advantages of this facility, its benefits will be extended on a larger scale, and the question of choosing another part of the harbour, better suited for the purpose, will be examined. The Administration will endeavour to equip the zone finally chosen with all the appliances and stores necessary to place it on the same level as free zones in the best developed countries of the world.

Some criticism of this development is heard in business circles on the score that the economic arguments which operate in favour of a free zone at Port Said are absent at Alexandria.

(3) *Port Dues.*—During the period under review shipowners continued to complain of the high rate of port dues at Alexandria and the question was once again examined by a committee

appointed by the Egyptian Government in the Autumn of 1936. This committee reached the same conclusion as its predecessors had done, namely, that no grounds could be found to justify a reduction of the existing dues. The question, however, is undergoing further study on economic lines.

(4) *Harbour Improvements*.—(a) *Alexandria*.—Various improvements were carried out in the harbour, principal among which were the dredging of certain areas and the laying down of additional moorings. Other works included the reconstruction of shed No. 35 for the storage of nitrates in the Mahmoudieh area, the lengthening of the jetty at which the royal yacht is berthed, and enlargements to the dockyard.

(b) *Port Said*.—Improvements here have consisted of maintenance of the depth of the entrance channel and alongside quay, and the laying of new moorings opposite the waterworks providing a berth 220 metres long.

(c) *Suez*.—The drydock belonging to the Khedivial Mail Steamships and Graving Dock Company, Limited, was lengthened during the period under review to 484 feet with the caisson in the outer sill; in the inner position the length is 464 feet. The breadth at the entrance is 73 feet 2 ins. and the height of water over the keel blocks is as follows:—

Spring tides—26 ft. 3 in. Aft: 22 ft. Forward.

Neap tides—23 ft. 3 in. Aft: 19 ft. Forward.

The height of keel blocks above the dock bottom is 5 ft.

A new coal quay is in course of construction.

(5) *Coastal Trade*.—By the terms of the circular which was published in the official journal (No. 41) of the Egyptian Government dated the 16th April 1936, coastwise trading ("cabotage") by vessels not exceeding 1,000 tons gross was reserved to Egyptian shipping.

(6) *Suez Canal Company*.—Strong and sustained complaints by shipping interests regarding the alleged unduly high rate of transit dues continued to be heard during the period under review, and culminated in the diversion of a certain amount of shipping on the Australian run from the Canal to the Cape route. Some reduction in these dues was, however, brought into effect on 1st July 1936, and by a decision taken in December 1936 it was decided to introduce further reductions on the 1st April 1937.

Statistics of vessels transiting the Canal in 1935 and 1936 were as follows:—

Country.	Vessels.		Net Tonnage. (ooo's omitted).	
	1935.	1936.	1935.	1936.
1. United Kingdom ...	2,775	2,690	15,735	15,052
2. Italy ...	1,302	1,326	6,077	6,545
3. Germany ...	448	463	2,693	2,883
4. Holland ...	336	326	2,316	2,255
5. France ...	273	264	1,774	1,650
6. Norway ...	268	263	1,389	1,275
7. Japan ...	131	129	823	835
8. U.S.A. ...	86	75	541	485
9. Greece ...	150	168	444	594
10. Denmark ...	80	78	430	422
11. Sweden ...	72	51	379	279
12. U.S.S.R. ...	34	14	112	42
13. Egypt ...	13	15	38	17
Other countries ...	24	15	58	45
Total ...	5,992	5,877	32,811	32,379

Before comment on these figures can usefully be made shipping tonnage due to the Italo-Abyssinian conflict should be deducted as follows:—

Year.	Conflict Vessels.	Net Shipping Tonnage.		
		Conflict.	Ordinary.	Total.
1935 ...	991	4,430,000	28,381,000	32,811,000
1936 ...	1,011	5,067,000	27,312,000	32,379,000

When compared with preceding years the ordinary shipping tonnage of 1935 showed a regression of 3,370,000 tons on 1934 and stood in fact at approximately the same figure as that of 1932, the worst of the depression years. The United Kingdom percentage fell from 54.3 per cent. in 1934 to 48 per cent. of the total, whilst the Italian percentage rose from 6.6 per cent. to 18.5 per cent. Countries whose tonnage increased included Italy (3,989,000), U.S.S.R. (53,000), U.S.A. (17,000), and Denmark (10,000). On the other hand most countries lost ground, as, for instance, the United Kingdom (1,503,000),

Japan (401,000), Germany (283,000), Holland (243,000), France (202,000), Norway (155,000), Greece (140,000), and Sweden (65,000).

Turning to merchandise tonnage and eliminating tonnage due to the conflict, which is shown in the subjoined table:—

Year. Col. 1.	Direction. Col. 2.	Merchandise Tonnage.			
		Conflict. Col. 3.	Ordinary. Col. 4.	Total. Col. 5.	Difference. Col. 6.
1935	North-south South-north	883,000	8,041,000	8,924,000	
		—	17,404,000	17,404,000	
1936	North-south South-north	883,000	25,445,000	26,328,000	
		1,045,000	7,784,000	8,829,000	— 55,000
		—	16,727,000	16,727,000	— 677,000
		1,045,000	24,511,000	25,556,000	— 772,000

the north-south traffic remains, generally speaking, much the same as in 1934, but the south-north movement lost 2,060,000 tons, or nearly 15 per cent. Only textiles (principally jute) and metals showed an increase, all other principal groups being short. Thus oleaginous produce registered a falling off of 1.25 million tons at 2.5, a decrease of 32 per cent. and the lowest total in 13 years. Similarly, soya beans, despite a drop of 213,000 tons in this traffic via the Panama Canal, showed a loss of 632,000 tons, and similar results were registered by groundnuts, copra, and other oleaginous articles. Cereals, again, were down by 788,000 tons (28.6 per cent.) at 1,972,000 tons, the lowest figure for 15 years. Mineral oils also showed a loss of 851,000 tons (16.6 per cent.) at 4,285,000 tons. This loss was more than accounted for by the decrease in crude oil which amounted to 1,058,000 tons, a result attributable to the Iraq Petroleum Company's pipe line to Haifa and Tripoli. Concurrently, crude oil traffic from Abadan (Anglo-Iranian Oil Company) dropped 851,000 tons. Bahrein for the first time sent petroleum products through the Canal in 1935, amounting to 41,000 tons.

The ordinary shipping tonnage of 1936 fell 1,069,000 tons in comparison with 1935. This decrease corresponded almost exactly with the diversion of Australian traffic to the Cape route. The United Kingdom percentage again fell and stood at 46.5 per cent. for 1936 as compared with 48 per cent. in 1935.

Nevertheless an improvement began to disclose itself in July 1936, and progressed steadily to January 1937, in which month a record shipping tonnage for January was set up. The Italian percentage rose, once more, from 18.5 per cent. to 20.5 per cent. The following countries increased their tonnage: Italy (468,000), Germany (190,000), Greece (150,000), and Japan (12,000), whilst losses were experienced by the United Kingdom (683,000), France (124,000), Norway (114,000), Sweden (100,000), U.S.S.R. (70,000), Holland (61,000), U.S.A. (56,000), Egypt (21,000), and Denmark (8,000).

Examining similarly the merchandise tonnage in 1936 and eliminating as before tonnage due to the conflict, the north-south traffic showed a falling off of 257,000 tons which was more than accounted for by a drop of 276,000 tons in U.S.S.R. consignments (apart from those for the war region) through the Canal. This was principally due to a shortfall in U.S.S.R. wheat exports.

There were no other marked features in the north-south traffic.

Passing to the south-north traffic, a nett loss of 677,000 tons was experienced, the result of a loss of 968,000 tons of Australian and New Zealand trade due to diversion of traffic to the Cape route, compensated in part by an increase of 291,000 tons from other regions. Apart from the diminished Australasian traffic, there was a noticeable improvement in merchandise tonnage which showed a steady increase each quarter. Cereals (2,270,000 tons) showed a large increase at 298,000 tons (15.1 per cent) of which 125,000 tons stood to the credit of Indian wheat, 146,000 tons to rice, exports of which increased considerably from French Indo-China (+ 117,000 tons) and Siam (+ 77,000 tons) at the expense of India and Burma, and 85,000 tons to barley, due to heavy shipments from the Persian Gulf amounting to 228,000 tons. Similarly, oleaginous products (2,754,000 tons) rose 166,000 tons (6.4 per cent.), chiefly due to linseed from India (+ 141,000 tons). In this connection it is interesting to note that soya beans, with a small rise of 11,000 tons, stood at 782,000 tons which is 50 per cent. less than the average for the years 1928 to 1934, a position due in part to restrictions in Germany. During the period January to November inclusive 225,000 tons were exported via the Panama Canal. Manganese, too, at 654,000 tons was 56,000 tons up, due to Egyptian exports from the Sinai peninsula. Italian imports via the Canal increased considerably during the last few months of 1936. Thus in November she imported 136,000 tons of various categories of merchandise as compared with 49,000 tons during the same month in 1935. This included 87,000 tons of oil from Abadan and Bahrein.

The most important shortfalls occurred in raw textiles (1,530,000 tons) which showed a drop of 302,000 tons, or 16.5 per cent., and rubber (294,000 tons) which registered a diminution of 363,000 tons, or 55 per cent. This represents about the lowest figure for rubber since the Great War.

Petroleum products at 4,216,000 tons showed a decrease of 69,000 tons (1.6 per cent.) but still remained the most important category of the south-north traffic. Abadan (3,578,000 tons) and Dutch East Indies (313,000 tons) showed losses of 122,000 and 137,000 tons, respectively, as compared with 1935, whilst Bahrein showed an increase of 157,000 tons at 198,000 tons as compared with 41,000 tons in 1935, the initial year of this principality's participation in Canal traffic. It is interesting here to note that crude oil delivered by the Iraq Petroleum Company's pipe-line reached 3,933,000 tons, close to full capacity.

Telegraphs, Telephones, and Broadcasting.—(1) *General.*—The nett earnings of telegraphs, telephones, and broadcasting for the financial year ending the 30th April 1936, totalled £E.169,163 after allowing for an expenditure of £E.113,829 on capital works. The contribution to Government came to £E.220,299 making a deficit on the year's working of £E.51,136.

Expenditure for 1936-7 is estimated at:—

	£E.	£E.
Working expenses	642,070	
New works	142,180	
Government share of gross receipts ...	214,250	<hr/>
 Total	998,500	
Deduct receipts	877,000	<hr/>
 Deficit	121,500	

which is to be covered by a loan drawn on the Egyptian Government's General Reserve Fund.

(2) *New Works.*

These include:—

Works sanctioned for 1936-7 and 1937-8, viz.:—

	£E.
Additional subscribers' equipment; underground mains and branch cables; plants and tools; additional telephone trunks, etc.	47,500
Works commenced in previous years	57,480
Works to be started and completed in 1936-37	13,700
Works to be started in 1936-37 and spread over several years	18,500
Customs	5,000
 Total	<hr/> 142,180

(3) *Telegraphs.*—In Egypt, as in all other countries, telegraphic traffic is suffering a decrease in popularity. This decrease, which is mainly due to telephonic competition, is more

acutely felt in the case of short distance telegrams. A less serious competitor is the express letter service introduced in most of the principal towns of Egypt, and the air mail service has undoubtedly had some effect on the foreign traffic. Despite these factors there was, however, an appreciable increase in 1935-6, as may be seen from the following statement:—

	1934-35. £E.	1935-36. £E.
Receipts	163,462	178,191
Number of telegrams	3,931,978	4,252,563
Number of telegraph offices	537	564

A "Phonogram" service has also recently been brought into use. This is a combined telegraph and telephone service whereby the public can dictate telegrams by telephone to the nearest Central Telegraph Office in the town.

(4) *Telephones.*—(a) *Progress.*—The continued progress of the telephone system is shown by the following particulars of telephone installations:—

	At 30.4.35.	At 30.4.36.
Public	44,246	47,626
Government	4,761	4,840
Total	<u>49,007</u>	<u>52,466</u>

(b) *Lines.*—The comparative figures for the last two years for the length of telegraph and trunk telephone lines are as follows:—

	At 1.5.35. Kilometres.	At 1.5.36. Kilometres.
Telegraph	29,139	31,111
Trunk telephone	<u>63,775</u>	<u>67,134</u>
	<u>92,914</u>	<u>98,245</u>

(c) *Works.*—The principal works on which expenditure was incurred during 1935 and 1936 were as follows:—

1935.	£E.
Alexandria automatic city network	61,652
Additional subscribers' apparatus	28,463
Underground cabling, Cairo area	3,691
Underground cabling, Alexandria and provinces ...	3,267
Cairo new telegraph and telephone workshop ...	3,452
Giza new exchange building	2,393

1936.	£E.
Provision of equipment for Giza new automatic exchange	11,518
Additional subscribers' installations	39,158
Cairo-Suez telephone route	3,769
Cairo City/Abbassia cable development	2,050
Underground cabling, Cairo area	3,848
Underground cabling, Alexandria area	3,906
State broadcast stations (Cairo and Alexandria) for alternative programmes	5,997

(5) *Broadcasting*.—Broadcasting has made great progress in Egypt since the State Broadcasting Service, operated by the Marconi Company on behalf of the Egyptian Government, was inaugurated on the 31st May 1934.

A large part of the population of Egypt is centred in the two principal towns of Cairo and Alexandria, and the first aim of the Broadcasting Service is to provide programmes for the population of these towns and as much of the surrounding areas as can be covered by transmitters primarily intended for these centres.

This service was originally carried out by a main broadcasting station situated at Abu Zaabal, near Cairo, with a relay transmitter at Ras-el-Tin, near Alexandria, and excellent results were obtained. The growth of interest in broadcasting, however, soon made it necessary for the Broadcasting Service to consider the provision of alternative programmes, of interest to Egyptian and to European audiences respectively. Two other stations have, therefore, been provided in Cairo and Alexandria so that programmes in English or French, and in Arabic, can be transmitted simultaneously, and entertainment provided for both European and Egyptian audiences during those parts of the day when listening-in is most popular.

The number of licences issued during the year 1935-6 increased by 16,800, and by October 1936, a total of 55,294 licences had been issued. Nett profits increased from £E.9,200 in 1934-5 to £E.13,800 in 1935-6, the latter figure representing a return of 28 per cent. on all capital expended by the State on this Service up to the end of the financial year 1935-6.

Tourism.—(1) *1935-6 Season*.—Owing to the uncertain political situation in the Mediterranean and to exaggerated accounts of student disturbances in Cairo and other Egyptian towns, many of the tourist cruises during the 1935-6 season were cancelled. This proved a serious loss to that part of the community which caters for tourists but, insofar as Alexandria and Port Said were concerned, compensation was provided by the lengthy stay in Egyptian ports of a large number of vessels of the Royal Navy and by the increased number of British land and air forces in the country.

(2) *1936-7 Season*.—In view of the falling-off in recent years of Egypt's tourist traffic owing in part to expensive hotels and in part to serious competition from other countries which have developed their touristic attractions and concurrently provided good yet cheap hotel accommodation, and impressed by the views of the newly formed Ministry of Commerce and Industry and the State Tourist Bureau, the Government decided to devote £E.50,000 to intensive advertising of Egypt's outstanding claims

as a touristic area, availing itself for this purpose of the services and expert knowledge of a well-known travel agency possessing a world-wide organisation. A visit in December of some twenty journalists representing British, Dominion, and Colonial newspapers was the first manifestation of a campaign the effects of which were soon felt the world over, and later borne evidence to by an eminently satisfactory increase of tourist traffic.

(3) *General.*—This first venture into more serious advertising methods than had ever previously been attempted is reported by the Tourist Development Association of Egypt to have been a great success and a period of prosperity for the local industry is forecast.

It is estimated that 45,935 tourists visited Egypt during the season which has just ended (December 1936, to April 1937) as against 31,205 in the previous season, an increase of 14,730 visitors, or about 47 per cent.

The Tourist Development Association of Egypt groups the leading tourist agencies, railways, steamship, shipping, and air companies, hotels, etc., and receives an annual subsidy of £E.7,500 from the Egyptian Government.

The principal activities of the Association during the past year have been:—Advertising in the United Kingdom, France, Scandinavia, and the United States of America; distributing 16,000 copies of the Association's annual "Egypt and the Sudan"; printing and distributing other publications such as maps, leaflets, guide books, tourist stamps; opening a town information bureau at the Royal Automobile Club of Egypt, where illustrated literature and information are supplied free, etc.

Tourist traffic has great potentialities as an important source of revenue to Egypt in various ways. It can, therefore, be confidently anticipated that with constant and expert advertising and close co-operation between the State Tourist Department and the Tourist Development Association of Egypt an era of greater prosperity awaits the tourist industry in Egypt than has been the case in recent times.

VIII.—SOCIAL QUESTIONS.

General.—In Egypt as elsewhere since the Great War the standard of living is rising following recovery from the depression which reached its nadir in Egypt in 1932.

It will doubtless be some time yet before the Egyptian peasant's standard of life is lifted in any appreciable degree, but it is hoped that the bestowal of certain simple benefits such as the drainage of stagnant ponds which stud the countryside,

the bringing to the village square of a potable water supply, the provision of playgrounds or playing fields for the young, and improved midwifery will not be long in coming. Improvements of a more grandiose kind (particularly in regard to housing) would undoubtedly prove unduly expensive and might fail to be appreciated.

Rural indebtedness, a problem which attained a certain importance within limitations during the depression, has been more than fully dealt with by successive governments since 1932, and has ceased to be a factor requiring special attention.

The fellah's existence has been considerably brightened within the last few years by the ubiquitous rural motor omnibus which has greatly developed movement between villages.

The needs of labour are receiving the attention of Government, and recent legislation regarding hours of work and compensation for accident indicates a sound trend.

Housing.—The building boom, which began in the depression years when private capital sought the comparative safety of land and house property, reached its peak in 1935 and fell away substantially in 1936 owing to saturation point having been reached and to the returning attraction of other forms of investment.

Owing to the absence of town-planning schemes and regulations the rebuilding of Cairo during this period has been allowed to follow a haphazard course and if town planning with due regard to considerations of appropriate design or surroundings is not undertaken the authorities may find the residential attractions of Cairo impaired.

The subjoined table shows the number of building permits issued by the competent authorities in the three towns in Egypt, in which the majority of the European population resides:—

Year	Cairo.			Alexandria.			Port-Said.			Grand Total.		
	Apart- ment Blocks.	Villas.	Total.	Apart- ment Blocks.	Villas.	Total.	Apart- ment Blocks.	Villas.	Total.	Apart- ment Blocks.	Villas.	Total.
1935	436	284	720	501 + 311* + 69	881	108	1	109	1,045 + 311* + 354	1,194	176	1,710
1936	557	92	649	549	76	625	88	8	96	1,194	176	1,370

* 311 represents total but unclassified permits for January to March, 1935.

Landlords of the older house property are now either reducing rents to keep their tenants from removing to modern buildings, or else modernising their buildings, in which case rents are being maintained at high levels.

The building of the new Anglican Cathedral in Cairo and the King George V Jubilee girls' school at Alexandria is progressing rapidly, and it is hoped that both will be completed in 1938. The English School for boys and girls at Cairo will also shortly be rebuilt on a new and larger site out of funds raised on the occasion of the Jubilee.

Part of the Government's Five-Year Plan contemplated the provision of up-to-date and roomy house accommodation for the country's thirteen million peasants, but financial conditions were unfavourable and practical difficulties existed.

Reference is made in the section of this chapter headed *General* to more practicable measures which will have to be undertaken sooner or later.

Cost of Living.—The Government index figure for the cost of living, which refers principally to the lower classes of the urban population, was 129.7 in 1935 and 129.9 in 1936.

The basic period taken for the cost of living index is January 1913, to July 1914 = 100.

The subjoined table shows the general index for retail prices in respect of foodstuffs for the 12 months in 1935 and 1936 and the first three months of 1937.

Months.	Retail Prices (Foodstuffs).		
	1935.	1936.	1937.
January	115	116	111
February	115	115	112
March	115	116	109
April	115	112	—
May	111	112	—
June	110	112	—
July	116	113	—
August	113	109	—
September	113	111	—
October	118	111	—
November	117	112	—
December	118	111	—

A general index table to include food, lodging (rents), clothing, and sundry expenditure, representing the actual cost of living of the urban lower classes, in relation to pre-war figures in respect of the 12 months of 1935 and 1936 and the first three months of 1937 is here appended:—

Months.	Cost of Living.		
	1935.	1936.	1937.
January	128	131	130
February	129	132	130
March	129	132	129
April	129	130	—
May	127	130	—
June	127	130	—
July	130	130	—
August	129	127	—
September	130	129	—
October	133	128	—
November	132	129	—
December	132	129	—

The constant increase in the Customs duties on imported goods, mainly consumed by the upper and middle classes, tends naturally to increase prices in a greater degree for the higher levels of society.

Labour.—The last year has been marked by a series of strikes and threatened strikes. Stay-in strikes occurred at the great sugar refinery at Hawamdia, at the Filature Nationale's textile factory at Alexandria, at the Alexandria Tramways' engineering shops, and recently at Kom Ombo, and numerous other strikes of a less serious nature have been recorded.

The example of labour agitation in other countries has undoubtedly had a marked influence in causing unrest in Egypt.

The Government are now at work on a bill regulating trade unions, which is unlikely, however, to reach the Chamber before November. The need for this law is very great, as the trade unions, as at present constituted, do not inspire confidence.

A law on the individual contract of employment should also come into force during the present year; a shops act fixing hours of work in retail shops is also proposed and a draft law is in preparation rendering insurance against workers' accidents compulsory. Legislation on this question is essential if the recently passed Workmen's Compensation Law is to be properly observed.

The Labour Office, which unites similar rôles to those of the Ministry of Labour and the Home Office in England, was last year promoted to the status of a Department.

The recent entry of Egypt into the International Labour Organisation has, of course, given an impetus to labour. The Egyptian Government have, however, recently decided to limit to one Government delegate and one technical adviser Egypt's representation at Geneva this year.

Unemployment.—The reduction of unemployment amongst graduates of the State University of Cairo is a problem requiring urgent solution. At present the flow of graduates in Law medicine, commerce and engineering is far greater than the demand and measures are required which would serve to bring the number of such graduates into relationship with the openings available to them in Government Departments and commerce in Egypt.

The problem of the employment of unskilled labour is not acute. Expanding or new local industries, virgin areas coming progressively under cultivation, and important public works combine to provide work for a high percentage of the labouring classes. That the supply of labour, nevertheless, exceeds to some extent the demand seems to be proved by the prevalence of mendicancy in the towns.

Census.—The preliminary results of the census of population, industry and commerce, livestock and poultry, which was taken in March 1937, show the population of Egypt to be 15,904,525 as against 14,217,864 in 1927 (an increase of 1,686,661) divided into 7,947,193 males and 7,957,322 females, an excess of only 10,129 females over males.

The figure at present given of the population of Cairo is 1,307,422, an increase of 242,855 compared with 1927, and that of Alexandria 682,101, an increase of 109,038 compared with the figure for 1927.

The following figures show the increase in the population of Egypt since 1800:—

1800, calculated during the French expedition	...	2,460,200
1821, calculated from tax-list	...	2,536,400
1846, calculated from census of houses	...	4,476,440
1882, census of population	...	6,831,131
1897, census of population	...	9,734,405
1907, census of population	...	11,287,359
1917, census of population	...	12,750,918
1927, census of population	...	14,217,864*
1937, census of population	...	15,904,525†

* Including 40,000 Nomads.

† Preliminary figure.

The figures in 1927 include the principal foreign nationalities in Egypt in the following order:—

Greek	...	76,264	German	...	...	1,416
Italian	...	52,462	American	...	...	1,389
British	...	34,169	Swiss	...	...	1,311
French	...	24,332	Austrian	...	...	1,217
Russian	...	2,410	Belgian	...	...	481
Spanish	...	2,365	Dutch	...	...	447

Comparable figures for 1937 are not yet available.

Physical Culture.—The Egyptian Government recognised as long ago as 1918, the value of physical culture by the formation of a special office for physical training and games under the Ministry of Education.

Since that date considerable progress has been made and the number of competitions organised by the Physical Training Office has risen from four in 1918, to 51 in 1936. All Government secondary schools train teams for an annual gymnastic competition whilst secondary and special schools in every part of the country enter the Association football cup competition.

Amongst games Association football has the greatest appeal to Egyptian boyhood, whilst lawn tennis and swimming come next, perhaps, in order of popularity. Cricket has made no headway at all under the auspices of the Ministry of Education

although it is played, and played well, by Egyptian boys at Victoria College, Alexandria. Various other sports such as boxing, fencing, basketball, and netball are practised. The Boy Scout movement, too, is very popular and numbers some 9,000 in schools under the Ministry of Education. It also enjoys strong life in unofficial circles.

Enlightened employers of labour have endeavoured to promote the football cult amongst their staff, and to that end instituted a special football competition between their respective teams. This venture has for various reasons proved a failure, and the experience gained has shown how great is the need for the sterling work being done by the Ministry of Education to instill a love of outdoor games and, therewith, an understanding of what is meant by good sportsmanship.

Physical culture for girls is being much developed under the auspices of the same Ministry, and girls now compete in gymnastic competitions and take part in swimming, lawn tennis and netball. The Girl Guide movement, too, is strongly implanted in Egypt and numbers some 6,000 members in schools under the Ministry. It also flourishes in unofficial circles.

Child Welfare.—Ever since the foundation of the Department of Public Health, there have existed in the towns and some of the larger villages in Egypt dispensaries for the treatment of sick children. In the year 1928 His Excellency the late Mohamed Shahin Pasha introduced a further scheme for child welfare, and welfare centres were opened throughout the country to work in conjunction with the trained midwives, a development which has resulted in saving the lives of many children and in preventing blindness due to "ophthalmia neonatorum". There exist throughout Egypt schools for "Dyas", i.e. trained native midwives.

The Society for the Welfare of Mothers and Babies, founded by Lady Lloyd in 1928 and further developed by Lady Loraine, has also done excellent work for child welfare. It is the first institution that has trained Egyptian girls to be welfare workers exclusively, in contradistinction to those who are trained as hospital nurses and midwives.

There is a Foundling Home under the control of the Ministry of Public Health, the propaganda section of which arranges lectures and the broadcast of health talks to rural populations: it has propaganda automobiles equipped for film display.

The registration of births and deaths is more strictly enforced year by year.

Free treatment can be obtained at all ophthalmic hospitals by school children, and in some cases glasses are supplied free of charge. During the past 10 years there has been a great improvement in the health knowledge of the rural population.

APPENDIX I.
FOREIGN TRADE OF EGYPT.
(Excluding Specie and Gold Bullion.)

£E. (ooo's omitted).

Year.	Total Imports.	United Kingdom Share.	Per cent.	Total Domestic Exports.	United Kingdom Share.	Per cent.	Total Imports and Exports.
1880 ...	3,653	3,487	95·4	13,496	9,075	67·2	17,149
1881 ...	7,084	3,617	51·0	11,915	8,235	69·1	18,999
1882 ...	4,739	2,913	61·4	10,134	7,144	70·4	14,873
1883 ...	5,617	3,882	69·1	11,785	8,626	73·1	17,402
1884 ...	8,183	3,091	37·7	12,553	8,505	67·7	20,736
1885 ...	8,989	3,401	37·8	11,454	6,910	60·3	20,443
1886 ...	7,848	2,881	36·7	10,199	6,394	62·6	18,047
1887 ...	8,137	3,235	39·7	10,964	6,889	62·8	19,101
1888 ...	7,738	2,873	37·1	10,530	6,534	62·0	18,268
1889 ...	7,021	2,539	36·1	12,066	7,745	64·1	19,087
1890 ...	8,081	3,003	37·1	12,004	7,692	64·0	20,085
1891 ...	9,201	3,428	37·2	14,020	8,940	63·7	23,221
1892 ...	9,091	3,061	33·6	13,506	7,844	58·0	22,597
1893 ...	8,719	2,686	30·8	12,954	7,242	55·9	21,673
1894 ...	9,266	3,183	34·3	12,078	6,518	53·9	21,344
1895 ...	8,390	2,642	31·4	12,817	7,313	57·0	21,207
1896 ...	9,829	3,056	31·0	13,442	6,973	51·8	23,271
1897 ...	10,604	3,539	33·3	12,553	5,932	47·2	23,157
1898 ...	11,033	3,872	35·0	12,070	5,523	45·7	23,103
1899 ...	11,442	4,334	37·8	15,659	8,227	52·5	27,101
1900 ...	14,112	5,300	37·5	17,124	9,142	53·3	31,236
1901 ...	15,245	5,569	36·5	16,154	8,014	49·6	31,399
1902*	14,815	5,447	36·7	18,047	9,318	51·6	32,862
1903 ...	16,730	5,782	34·5	19,540	10,163	52·0	36,270
1904 ...	20,507	6,989	34·0	20,811	10,980	52·7	41,318
1905 ...	21,549	6,927	32·1	20,343	10,613	52·1	41,892
1906 ...	23,980	7,857	32·7	24,862	15,394	61·9	48,842
1907 ...	26,067	8,487	32·5	28,013	15,154	54·0	54,080
1908 ...	25,093	8,265	32·9	21,313	11,145	52·1	46,406
1909 ...	22,226	6,744	30·3	25,991	13,095	50·3	48,217
1910 ...	23,509	7,311	31·0	28,895	14,327	49·5	52,404
1911 ...	27,115	8,557	31·5	28,531	13,931	48·8	55,646
1912 ...	25,863	7,991	30·8	34,486	15,987	46·3	60,349
1913 ...	27,857	8,496	30·4	31,513	13,604	43·1	59,370
1914 ...	21,718	7,061	32·5	23,757	10,190	42·8	45,475
1915 ...	19,365	8,740	45·1	26,356	13,348	50·6	45,721
1916 ...	31,136	15,070	48·4	37,347	19,835	53·1	68,483
1917 ...	33,175	14,129	42·5	40,989	24,374	59·4	74,164
1918 ...	51,155	27,077	52·9	45,312	30,485	67·2	96,467
1919 ...	47,407	21,838	46·0	75,858	40,192	52·9	123,265
1920 ...	101,150	37,165	36·7	85,458	36,334	42·5	186,608
1921 ...	55,501	16,938	30·5	36,345	17,035	46·8	91,846
1922 ...	43,272	14,695	33·9	48,705	23,035	47·2	91,977
1923 ...	45,244	14,772	32·6	58,366	28,354	48·5	103,610
1924 ...	50,633	13,953	27·5	65,700	31,956	48·6	116,333

APPENDIX I—*contd.*

Year.	Total Imports.	United Kingdom Share.	Per cent.	Total Domestic Exports.	United Kingdom Share.	Per cent.	Total Imports and Exports.
1925 ...	57,621	14,215	24.6	59,196	26,168	44.2	116,817
1926 ...	51,917	10,973	21.1	41,323	18,921	45.7	93,240
1927 ...	48,277	12,186	25.2	47,794	19,138	40.0	96,071
1928 ...	51,087	11,326	22.1	55,107	21,532	39.0	106,194
1929 ...	55,261	11,751	21.2	50,830	18,220	35.8	106,091
1930 ...	46,985	9,658	20.5	31,131	11,012	35.3	78,116
1931 ...	31,274	7,041	22.5	25,663	9,360	36.4	56,937
1932 ...	27,262	6,575	24.1	25,288	8,875	35.0	52,550
1933 ...	26,762	6,185	23.1	28,109	11,266	40.0	54,871
1934 ...	29,248	6,436	22.0	31,050	9,934	31.9	60,298
1935 ...	32,213	7,359	22.8	34,424	11,369	33.0	66,636
1936 ...	31,486	7,526	23.9	32,971	12,491	37.8	64,457

*N.B.—(i) Gold bullion cannot be excluded up to and including 1902.

(ii) For re-exports see Appendix XXV.

(iii) For imports and exports of bullion and specie see Appendix VI.

APPENDIX II.

BALANCE OF VISIBLE FOREIGN TRADE.

(Excluding Specie and Gold Bullion.)

(ooo's omitted.)

Year.	Imports.	Exports.	Re-Exports.	Excess of Total Exports over Imports.
1927	£E. 48,277	£E. 47,794	£E 1,370	+ 887
1928	51,087	55,107	1,398	+ 5,418
1929	55,261	50,830	1,600	- 2,831
1930	46,985	31,131	962	- 14,892
1931	31,274	25,663	718	- 4,893
1932	27,262	25,288	713	- 1,261
1933	26,762	28,109	671	+ 2,018
1934	29,248	31,050	568	+ 2,370
1935	32,213	34,424	992	+ 3,203
1936	31,486	32,971	924	+ 2,409
Average for 10 years	38,326	36,236	991	- 1,099

Note.—The above figures of Egypt's foreign trade do not by themselves give a complete picture of the national balance sheet. To obtain this, it would be necessary to include also the invisible imports and exports. Data are not available from which these can be estimated with any approach to accuracy.

APPENDIX III.

SUMMARY OF VALUE OF IMPORTS INTO EGYPT—BY CATEGORIES.

	Categories.	1936.	1935.	Increase (+) or Decrease (—) in 1936.
1.	Living animals and products of the animal kingdom ...	£E.	£E.	£E.
2.	Products of the vegetable kingdom	800,953	642,698	+ 158,255
3.	Animal and vegetable fatty substances, greases, oils and waxes and alimentary fats	2,195,530	2,347,897	- 152,367
4.	Products of the food preparing industries, beverages, alcoholic liquids, vinegar and tobacco ...	589,410	571,579	+ 17,831
5.	Mineral products	1,831,998	1,626,426	+ 205,572
6.	Chemical and pharmaceutical products, colours, varnishes, perfumery, soap, candles, glue, gelatine, explosives and fertilisers	3,088,183	3,825,533	- 737,350
7.	Skins, hides, leather, furs and articles thereof	4,280,540	4,231,584	+ 48,956
8.	Rubber and manufactures thereof	280,373	241,898	+ 38,475
9.	Wood, cork, articles thereof and articles made of plaiting materials	197,346	197,190	+ 156
10.	Paper and its applications ...	1,526,080	1,389,966	+ 136,114
11.	Textile materials and textiles	844,526	878,771	- 34,245
12.	Footwear, hats, tarbooshes, umbrellas, parasols, and sticks; articles of fashion	7,594,031	8,082,930	- 488,899
13.	Wares of stone and other mineral materials, pottery, glass, and glassware ...	136,148	142,660	- 6,512
14.	Precious metals, pearls, precious stones and coins ...	570,138	662,495	- 92,357
15.	Common metals and manufactures thereof	343,091	199,707	+ 143,384
16.	Machinery and apparatus and electric material ...	2,981,511	2,908,243	+ 73,268
17.	Means of transport	2,143,464	2,114,283	+ 29,181
18.	Scientific and precision instruments and apparatus, horological wares and musical instruments ...	1,164,321	1,347,904	- 183,583
19.	Arms and ammunition ...	424,626	363,371	+ 61,255
20.	Miscellaneous goods and products, not elsewhere included	59,011	46,921	+ 12,090
21.	Works of art and articles for collections	401,262	404,793	- 3,531
	<i>Total of Imports</i> ...	63,274	12,010	+ 51,264
		31,515,816	32,238,859	- 723,043

APPENDIX IV.
VALUE OF IMPORTS BY COUNTRIES.
(*Excluding Bullion and Specie*).
(ooo's omitted).

Order	Country.	Value £E.	Inc. (+) or Dec. (-)	Per cent.	Order	Country.	Value £E.	Inc. (+) or Dec. (-)	Per cent.	1935.		1934.					
										1936.	1935.	1934.	1934.				
1.	United Kingdom	7,526	+	166	23·9	1.	United Kingdom	7,360	+	927	22·8	1.	United Kingdom	6,433	+	252	22·0
2.	Germany	3,511	+	637	11·1	3.	Germany	2,874	+	727	8·9	3.	Germany	2,147	+	115	7·3
3.	Japan	2,178	-	1,691	6·9	2.	Japan	3,869	+	425	12·0	2.	Japan	3,444	+	571	11·8
4.	U.S.A.	1,810	+	144	5·7	6.	U.S.A.	1,666	+	480	5·2	7.	U.S.A.	1,186	+	329	4·1
5.	Belgium	1,733	+	154	5·5	7.	Belgium	1,579	-	93	4·9	5.	Belgium	1,672	+	365	5·7
6.	France	1,650	-	44	5·2	5.	France	1,694	+	68	5·3	6.	France	1,626	-	272	5·5
7.	Italy	1,093	-	708	3·5	4.	Italy	1,801	-	238	5·6	4.	Italy	2,039	-	53	6·9
8.	Rumania	1,042	-	57	3·3	8.	Rumania	1,099	+	109	3·4	8.	Rumania	990	-	19	3·4
9.	Chile	931	+	141	3·0	9.	Chile	790	-	31	2·4	9.	Chile	821	+	212	2·8
10.	British India	861	+	148	2·7	11.	British India	713	-	22	2·2	11.	British India	735	+	19	2·5
11.	Netherlands	605	+	25	1·9	14.	Netherlands	580	+	130	1·8	15.	Netherlands	450	+	75	1·5
12.	Dutch East Indies	603	+	155	1·9	16.	Dutch East Indies	448	+	36	1·4	17.	Dutch East Indies	412	+	136	1·4
13.	U.S.S.R.	603	-	140	1·9	10.	U.S.S.R.	743	+	127	2·3	14.	U.S.S.R.	616	+	62	2·1
14.	Iran	598	+	1	1·9	13.	Iran	597	-	39	1·8	13.	Iran	636	+	104	2·2
15.	Czechoslovakia	521	+	110	1·7	17.	Czechoslovakia	411	+	19	1·3	18.	Czechoslovakia	392	-	16	1·3
16.	Norway	520	-	148	1·7	12.	Norway	668	-	112	2·0	10.	Norway	780	+	53	2·7
17.	Hungary	514	+	188	1·6	20.	Hungary	326	+	197	1·0	30.	Hungary	129	+	47	0·4
18.	Greece	456	-	72	1·4	15.	Greece	528	-	112	1·6	12.	Greece	640	-	31	2·2

19. Switzerland	...	402	+	84	1.3	22.	Switzerland	...	318	—	15	0.9	19.	Switzerland	...	333	+	4	1.1
20. Sweden	...	367	—	2	1.2	18.	Sweden	...	369	+	40	1.1	20.	Sweden	...	329	+	101	1.1
21. Austria	...	293	+	24	0.9	24.	Austria	...	269	—	18	0.8	22.	Austria	...	287	+	48	0.9
22. Syria	...	276	+	68	0.9	25.	Syria	...	208	+	88	0.6	31.	Syria	...	120	+	5	0.4
23. Turkey	...	258	—	67	0.8	21.	Turkey	...	325	—	88	1.0	16.	Turkey	...	413	+	28	1.4
24. Poland	...	256	+	89	0.8	29.	Poland	...	167	+	56	0.5	34.	Poland	...	111	+	53	0.4
25. Finland	...	250	—	25	0.8	23.	Finland	...	275	—	27	0.9	21.	Finland	...	302	+	99	1.0
26. Yugoslavia	...	231	+	72	0.7	31.	Yugoslavia	...	159	—	22	0.5	24.	Yugoslavia	...	181	+	58	0.6
27. British Possessions in Far East	...	208	+	49	0.7	32.	British Possessions in Far East	...	159	+	60	0.5	35.	British Possessions in Far East	...	99	—	13	0.3
28. Bulgaria	...	191	+	18	0.6	28.	Bulgaria	...	173	+	29	0.5	27.	Bulgaria	...	144	+	30	0.5
29. Australia and New Zealand	...	187	—	178	0.6	19.	Australia and New Zealand	...	365	+	204	1.1	25.	Australia and New Zealand	...	161	+	94	0.6
30. China	...	183	+	30	0.6	34.	China	...	153	+	10	0.5	28.	China	...	143	—	15	0.5
31. Palestine	...	180	—	8	0.6	27.	Palestine	...	188	+	47	0.6	29.	Palestine	...	141	—	8	0.5
32. Ceylon...	...	170	—	20	0.5	26.	Ceylon...	...	190	—	69	0.6	23.	Ceylon...	...	259	+	67	0.8
33. Cyprus	...	154	+	4	0.5	35.	Cyprus	...	150	+	34	0.5	33.	Cyprus	...	116	—	10	0.4
34. Brazil	...	142	—	22	0.5	30.	Brazil	...	164	+	9	0.5	26.	Brazil	...	155	—	45	0.5
35. Hedjaz	...	118	+	56	0.4	36.	Hedjaz	...	62	—	56	0.2	32.	Hedjaz	...	118	+	38	0.4
36. Curaçao	...	95	—	61	0.3	33.	Curaçao	...	156	+	59	0.4	36.	Curaçao	...	97	—	4	0.3
TOTAL (including other countries)		31,497	—	723			TOTAL (including other countries)		32,220	+	2,976			TOTAL (including other countries)		29,244	+	2,487	

APPENDIX V.
IMPORTS FROM THE BRITISH EMPIRE (INCLUDING MANDATED TERRITORIES).
(*Excluding Bullion and Specie*).

		1936.				1935.				1934.					
Order.	Country.	Value. £E.	Inc. (+) or Dec. (-)	Per cent.	Order	Country.	Value. £E.	Inc. (+) or Dec. (-)	Per cent.	Order	Country.	Value. £E.	Inc. (+) or Dec. (-)	Per cent.	
A.	1. United Kingdom	7,526	+ 166	23.9	1. United Kingdom	7,360	+ 927	22.8	1. United Kingdom	6,433	+ 252	22.0	68		
	10. British India	861	+ 148	2.7	11. British India	713	- 22	2.2	11. British India	735	+ 19	2.5			
	32. Ceylon	170	- 20	0.5	12. Ceylon	190	- 69	0.6	12. Ceylon	259	+ 67	0.8			
	29. Australia and New Zealand	187	- 10	0.6	13. Australia and New Zealand	365	+ 204	1.1	13. Australia and New Zealand	161	+ 101	0.6			
	27. Canada	37	-	0.1	14. Canada	47	- 2	0.1	14. Canada	49	- 10	0.2			
B.	— British Possessions in Far East...	208	+ 49	0.7	15. British Possessions in Far East...	159	+ 60	0.5	15. British Possessions in Far East...	99	- 13	0.3			
	— British Possessions in Africa	58	- 8	0.2	16. British Possessions in Africa	66	+ 3	0.2	16. British Possessions in Africa	63	- 35	0.2			
	33. Cyprus	154	+ 4	0.5	17. Cyprus	150	+ 34	0.5	17. Cyprus	116	- 10	0.4			
	— Malta and Gibraltar	6	+ 4	—	18. Malta and Gibraltar	2	-	—	18. Malta and Gibraltar	2	-	—			
	31. Palestine	180	- 8	0.6	19. Palestine	188	+ 47	0.6	19. Palestine	141	- 8	0.5			
	— Irish Free State	2	+ 1	—	20. Irish Free State	1	-	—	20. Irish Free State	1	-	—			
C.	Overseas Empire	1,863	- 18	5.9	Overseas Empire	1,881	+ 255	5.9	Overseas Empire	1,626	+ 111	5.6			
D.	(A+C)	Total ...	9,389	+ 148	29.8	Total ...	9,241	+ 1,182	28.7	Total ...	8,059	+ 363	27.6		

APPENDIX VI.
IMPORTS AND EXPORTS OF BULLION AND SPECIE.

Year.	Imports.			Domestic Exports.		
	Total Value.	Of which from	Value.	Total Value.	Of which to	Value.
1927	£E. 560,047	United Kingdom	443,397	£E. 616,334	France	£E. 96,639
1928	... 1,170,669	United Kingdom	109,561	1,154,080	British India	... 1,018,810
		Iraq	...		France	... 107,963
		Palestine	...			...
		Syria	...			...
		United Kingdom	...			...
		Iraq	...			...
		Palestine	...			...
		United Kingdom	...			...
		United Kingdom	...			...
1929	... 1,056,161	United Kingdom	295,825	1,111,697	United Kingdom	£E. 13,502
		Iraq	...		British India	969,392
		Palestine	...		France	120,564
		United Kingdom	...		British India	106,509
		United Kingdom	...		United Kingdom	801,916
1930	... 459,537	United Kingdom	69,316	683,189	Austria	... 96,120
1931	... 284,344	United Kingdom	120,775	2,413,523	France	... 922,163
					Germany	... 389,745
					Switzerland	... 196,485
1932	... 164,114	United Kingdom	12,766	1,714,428	United Kingdom	... 1,513,018
		France	...		France	... 146,605
		United Kingdom	...		United Kingdom	... 740,638
1933	... 9,462	United Kingdom	7,136	740,663	United Kingdom	... 6,343
1934	... 60,092	United Kingdom	53,186	7,722	United Kingdom	... 1,267,763
1935	... 19,217	United Kingdom	724	1,269,103	United Kingdom	... 557
1936	... 19,286	United Kingdom	620	7,615	United Kingdom	...

APPENDIX VII.
QUANTITY OF COTTON PIECE GOODS IMPORTED IN 1935 AND 1936.
(000's omitted.)

From	Year.	Grey.	Bleached.	Dyed in the piece.	Dyed in the yarn.	Printed.	Percentage of total Imports.	Total Imports.
United Kingdom	1935	Square Metres. 4,692	Square Metres. 12,451	Square Metres. 7,203	Square Metres. 526	Square Metres. 5,305	15.6	Square Metres. 30,338
	1936	9,318	17,382	13,514	1,004	9,943	30.0	51,161
Belgium	1935	—	—	—	557	—	0.5	937
	1936	—	—	—	3,212	—	2.8	4,748
Czechoslovakia	1935	—	—	—	—	1,472	0.9	1,784
	1936	—	—	—	—	1,704	1.3	2,280
France	1935	—	—	50	59	43	0.1	220
	1936	—	—	68	56	113	0.2	328
Italy	1935	71	2,113	6,633	5,483	1,593	8.0	15,902
	1936	13	1,820	6,698	6,784	4,064	11.9	20,151
Japan	1935	35,589	11,834	9,902	33,156	36,003	73.4	142,065
	1936	16,141	27,415	3,125	18,983	21,228	42.0	71,311
Hungary	1935	—	—	—	—	601	0.3	643
	1936	—	—	—	—	6,113	3.7	6,369
Germany	1935	—	—	—	—	706	0.4	863
	1936	—	—	—	—	1,433	1.2	2,027
Switzerland	1935	—	—	180	—	—	0.1	233
	1936	—	—	359	—	—	0.4	615
TOTAL (including other countries)		1935 40,498 33,819	42,315 32,353	24,426 24,918	40,075 31,215	46,090 47,325	—	193,403 169,629

APPENDIX VIII.

VALUE (IN £E.) OF COTTON PIECE GOODS IMPORTED IN 1935 AND 1936.

From	Year.	Grey.	Bleached.	Dyed in the piece.	Dyed in the yarn.	Printed.	Percentage of total Imports.	Total Imports.
United Kingdom	1935	46,098	167,875	210,924	24,004	136,283	18.3	589,214
	1936	88,824	273,211	375,150	40,737	264,951	33.2	1,042,873
Belgium	1935	—	—	—	18,640	—	0.9	29,890
Czechoslovakia	1936	—	—	—	93,779	—	4.2	131,581
France	1935	—	—	—	—	47,681	1.9	61,645
Italy	1936	—	—	—	—	74,964	3.1	99,359
Japan	1935	1,340	51,401	2,910	2,778	2,261	0.3	11,398
	1936	229	43,834	3,642	2,358	4,407	0.4	13,341
Hungary	1935	353,673	341,942	156,966	177,420	39,635	13.3	426,870
	1936	155,056	122,749	165,612	210,271	97,996	16.1	508,752
Germany	1935	—	—	514,174	654,201	63.1	2,029,609	895,271
Switzerland	1936	—	—	43,290	271,395	302,781	28.4	13,806
	1935	—	—	—	—	12,617	0.4	152,804
	1936	—	—	—	—	146,337	4.9	30,863
	1935	—	—	—	—	24,542	0.9	66,618
	1936	—	—	—	—	45,519	2.1	9,734
	1935	—	—	7,166	—	—	0.3	23,734
	1936	—	—	13,138	—	—	0.7	—
Total (including other countries)	1935	405,504	570,262	561,083	749,162	930,086	—	3,216,097
	1936	370,593	472,652	617,652	660,912	1,021,707	—	3,143,516

APPENDIX IX.

COTTON PIECE GOODS MIXED WITH ARTIFICIAL SILK
IMPORTED IN 1935 AND 1936.*Returned by Weight.*

Country.	Year.	Kilograms Net.	£.E.
Mixed with over 15 per cent. artificial silk :—			
United Kingdom {	1936	8,936	4,094
	1935	16,411	7,764
Belgium and Luxemburg ... {	1936	1,533	616
	1935	6,006	2,590
Czechoslovakia {	1936	2,073	1,024
	1935	2,895	1,575
France {	1936	6,267	5,596
	1935	10,420	11,290
Germany {	1936	3,270	1,975
	1935	4,238	3,715
Italy {	1936	493	203
	1935	39,495	19,748
Japan {	1936	26,993	4,987
	1935	94,283	22,535
Other countries {	1936	3,518	2,210
	1935	3,429	2,564
TOTAL {	1936	53,083	20,705
	1935	177,177	71,781
Mixed with 15 per cent. or less artificial silk.			
TOTAL {	1936	339,365	51,806
	1935	1,107,342	177,129

APPENDIX X.

PURE COTTON THREAD IMPORTED INTO EGYPT DURING
1935 AND 1936.

—	1935.		1936.	
	Dozens.	£E.	Dozens.	£E.
Thread, pure cotton, on wooden reels.				
United Kingdom ...	1,407,109	77,937	832,666	48,150
Belgium ...	1,038,269	37,696	467,306	17,077
Netherlands ...	26,916	2,657	27,510	2,720
Italy ...	617,486	29,080	20,750	671
U.S.S.R. ...	923,940	25,003	4,800	244
Japan ...	62,195	2,199	12,732	291
Other countries ...	3,343	172	1,842	131
TOTAL ...	4,079,258	174,744	1,367,606	69,284
	K.N.	£E.	K.N.	£E.
Thread, pure cotton, not on wooden reels.				
United Kingdom ...	36,909	17,911	20,003	10,426
France ...	22,941	14,450	20,074	13,984
Italy ...	30,270	9,618	8,626	1,823
Other countries ...	9,732	2,457	37,203	11,611
TOTAL ...	99,852	44,436	85,906	37,844
GRAND TOTAL ...	—	219,180	—	107,128

APPENDIX XI.
IMPORTS OF COTTON YARNS IN 1934, 1935 AND 1936.

Category.	1934.		1935.		1936.	
	Quantity in Kilos. Net.	£E.	Quantity in Kilos. Net.	£E.	Quantity in Kilos. Net.	£E.
Cotton yarn, pure, single :—						
Unbleached ...	17,245	1,833	52,684	6,797	154,855	15,446
Bleached ...	46	3	1,909	223	200	20
Dyed or printed	29,891	3,782	33,965	4,355	35,999	4,676
Glazed, unbleached	3,106	823	3,919	776	3,118	726
Glazed, bleached	18	4	75	14	41	7
Glazed, dyed, or printed ...	374	70	1,656	325	367	59
Cotton yarn, pure, folded :—						
Unbleached ...	305,605	33,792	528,324	51,193	396,135	45,349
Bleached ...	9,010	1,306	6,713	916	5,164	904
Dyed or printed	4,685	763	8,294	1,216	6,179	935
Glazed, unbleached	50,236	12,181	70,146	17,073	65,225	17,345
Glazed, bleached	43,576	9,660	46,615	9,931	54,874	11,800
Glazed, dyed, or printed ...	18,082	4,852	20,628	4,116	25,865	5,377
TOTAL ...	481,874	69,069	774,928	96,935	748,022	102,644

APPENDIX XII.

PURE WOOLLEN PIECE GOODS (WOOL OR HAIR) IMPORTED DURING 1935 AND 1936.

From	Year.	Quantity in kilograms net.	Quantity in linear Metres.	Value in £E.
United Kingdom	1936	525,400	—	291,970
	1935	470,468	305,377	330,623
Czechoslovakia	1936	8,253	—	5,404
	1935	24,848	2,610	12,720
France	1936	43,554	—	32,388
	1935	32,558	21,916	30,628
Germany	1936	28,150	—	16,130
	1935	17,887	10,960	11,928
Italy	1936	11,876	—	5,938
	1935	59,298	60,202	44,771
Japan	1936	331,332	—	144,479
	1935	154,421	476,878	133,198
Other countries	1936	130,409	—	69,633
	1935	60,634	33,099	32,277
TOTAL	1936	1,078,974	—	565,942
	1935	820,114	911,042	596,145

Note.—In 1936 all imports of pure woollen piece goods are shown by weight and value only.

APPENDIX XIII.

WOOLLEN PIECE GOODS (WOOL OR HAIR) MIXED WITH COTTON (COTTON WARP) IMPORTED DURING 1935 AND 1936.

From	Year.	Quantity in Kilograms net.	Quantity in Linear Metres.	Value in £E.
United Kingdom	1936	416,426	—	224,305
	1935	88,541	66,292	42,876
Czechoslovakia	1936	—	—	—
	1935	—	—	—
France	1936	—	—	—
	1935	—	—	—
Germany	1936	6,875	—	3,420
	1935	2,731	—	1,222
Italy	1936	14,106	—	6,238
	1935	5,953	8,918	4,747
Japan	1936	196,135	—	87,409
	1935	2,136	16,031	3,213
Other countries	1936	176,671	—	74,533
	1935	24,204	22,723	9,927
TOTAL	1936	810,213	—	395,905
	1935	123,565	113,964	61,985

Note.—In 1936 all imports of woollen piece goods mixed with cotton are shown by weight and value only.

APPENDIX XIV.
VALUE OF IMPORTS OF CERTAIN CLASSES OF MACHINERY
AND APPARATUS.

—	1936.	1935.
Boilers and Generators, steam—	£E.	£E.
United Kingdom	16,608	11,885
Belgium	2,334	—
Germany	574	319
Switzerland	500	4,187
Other countries	274	35
Total	20,290	16,426
Heaters, superheaters, refrigerators, etc.—		
United Kingdom	3,240	2,571
Belgium	497	55
France	235	869
Germany	636	70
Netherlands	1,230	—
Switzerland	2,954	219
U.S.A.	11,866	7,675
Denmark	61	190
Greece	200	4
Sweden	237	—
Total	21,156	11,653
Engines, stationary, steam—		
United Kingdom	235	6,357
Belgium	—	243
U.S.A.	1,425	146
Other countries	6,113	15,986
Total	7,773	22,732
Engines, stationary, internal combustion—		
United Kingdom	112,219	117,033
Belgium	852	450
Germany	37,749	29,535
Switzerland	6,523	14,130
Other countries	4,984	8,443
Total	162,327	169,591
Machinery and apparatus for agriculture and horticulture—		
United Kingdom	16,030	12,720
Germany	9,398	7,458
Hungary	1,469	1,820
U.S.A.	5,882	5,543
Other countries	4,620	2,780
Total	37,399	30,321

APPENDIX XIV—*contd.*

		1936.	1935.
		£E.	£E.
Tractors—			
United Kingdom	...	12,601	6,595
Germany	...	28,600	23,942
U.S.A.	...	37,962	25,790
Other countries	...	1,882	4,533
	Total	81,045	60,860
Machinery for flour-milling and making bread and alimentary pastes—			
United Kingdom	...	1,255	3,347
Germany	...	6,677	2,617
Italy	...	992	2,412
Switzerland	...	1,614	2,353
Other countries	...	913	1,371
	Total	11,451	12,100
Pumps, stationary, steam or internal combustion—			
United Kingdom	...	19,787	18,846
Belgium	...	372	1,029
Germany	...	8,594	4,759
Switzerland	...	15,264	10,593
U.S.A.	...	1,291	874
Other countries	...	6,775	5,197
	Total	52,083	41,298
Locomotives and tenders—			
United Kingdom	...	277,714	38,595
Belgium	...	795	—
Germany	...	2,050	3,903
	Total	280,559	42,498
Apparatus, lifting and loading or unloading, cranes, lifts, etc., not portable—			
United Kingdom	...	16,833	24,795
France	...	4,316	2,525
Germany	...	2,831	5,547
Italy	...	2,492	9,250
Switzerland	...	5,736	8,475
Other countries	...	6,858	13,469
	Total	39,066	64,061
Machine tools—			
United Kingdom	...	11,187	13,083
Germany	...	13,604	5,280
Other countries	...	10,148	7,910
	Total	34,939	26,273

APPENDIX XIV—*contd.*

—	1936.	1935.
	£E.	£E.
Machines and looms for knitting—		
United Kingdom	2,291	3,467
Germany	9,779	9,167
Other countries	1,901	3,179
Total	13,971	15,813
Machines and looms for weaving—		
United Kingdom	41,563	117,482
France	12,695	20,063
Germany	22,053	34,400
Other countries	20,301	11,045
Total	96,612	182,990
Sewing machines, proper or complete—		
United Kingdom	22,759	39,104
Germany	3,718	3,305
Other countries	1,232	3,320
Total	27,709	45,729
Parts and spares of sewing machines—		
United Kingdom	2,192	2,462
Germany	2,869	1,925
Other countries	815	888
Total	5,876	5,275
Machines, for printing and type-setting—		
United Kingdom	16,994	8,175
Germany	6,712	6,355
U.S.A.	4,436	2,503
Other countries	8,737	9,885
Total	36,879	26,918
Machinery and apparatus, not elsewhere specified, not aluminium or copper—		
United Kingdom	78,454	43,168
Denmark...	394	297
France	16,275	19,900
Germany	55,171	37,026
Switzerland	2,661	1,146
U.S.A.	3,073	3,587
Other countries	21,738	14,470
Total	177,766	119,594

APPENDIX XIV—*contd.*

		1936.	1935.
		£E.	£E.
Gear, transmission, for machines—			
United Kingdom	...	10,500	15,003
France	...	2,749	3,218
Germany	...	2,399	2,767
Switzerland	...	1,471	1,355
Other countries	...	6,696	7,602
Total	...	23,815	29,945
Parts, of machinery and mechanical and transmission apparatus, various metals—			
United Kingdom	...	73,210	94,949
Belgium	...	6,789	3,646
France	...	29,087	25,229
Germany	...	28,932	30,151
Hungary	...	715	924
Italy	...	1,106	1,610
Switzerland	...	4,433	4,550
U.S.A.	...	4,582	4,427
Other countries	...	16,566	6,109
Total	...	165,420	171,595
Parts of machinery and mechanical and transmission apparatus, non-malleable cast iron—			
United Kingdom	...	3,554	3,445
Belgium	...	199	258
Denmark	...	102	56
France	...	261	208
Germany	...	1,027	2,832
Netherlands	...	283	308
Italy	...	—	420
Japan	...	218	54
Switzerland	...	70	112
U.S.A.	...	994	557
Other countries	...	48	17
Total	...	6,756	8,267
Batteries, not pocket, and parts—			
United Kingdom	...	8,658	10,531
Germany	...	1,511	1,286
U.S.A.	...	5,246	3,233
Other countries	...	714	617
Total	...	16,129	15,667
Accumulators, electric, and parts—			
United Kingdom	...	9,699	17,680
Germany	...	4,467	3,169
Italy	...	211	909
U.S.A.	...	5,518	4,686
Other countries	...	4,265	2,260
Total	...	24,160	28,704

APPENDIX XV.

IMPORTS OF CERTAIN ELECTRICAL AND OTHER APPARATUS,
LAMPS, ETC.

—	1936.	1935.
Generators, motors and transformers, electric :—	£E.	£E.
(a) 1,000 kilowatts or over—		
United Kingdom	4,292	7,424
Germany	9,988	14,936
Other countries	7,559	20,556
Total	21,839	42,916
(b) 50 to less than 1,000 kilowatts—		
United Kingdom	9,411	15,860
Germany	7,734	7,614
Other countries	15,826	27,497
Total	32,971	50,971
(c) 15 to less than 50 kilowatts—		
Total	6,112	6,369
(d) Less than 15 kilowatts—		
Total	5,463	7,220
Apparatus, telegraph and telephone, ordinary, and parts :—		
United Kingdom	23,603	62,976
Other countries	4,158	6,451
Total	27,761	69,427
Apparatus, telegraph and telephone, wireless, and parts :—		
United Kingdom	4,179	14,329
Germany	334	145
U.S.A.	675	—
Other countries	24	112
Total	5,212	14,586

—	1936.	1935.		
Radio receiving sets—	Number.	£E.	Number.	£E.
United Kingdom	1,519	12,446	1,067	7,863
Austria	276	2,160	617	5,199
Germany	1,442	9,569	1,375	10,006
Netherlands	2,323	20,697	10,394	66,393
Hungary	209	2,171	437	2,957
Japan	16	35	45	114
U.S.A.	9,046	56,934	12,024	82,776
Other countries	436	2,825	113	938
Total	15,267	106,837	26,072	176,246

APPENDIX XV—*contd.*

—	1936.	1935.
Parts and fittings for radio sets—		
United Kingdom	£E. 1,440	£E. 1,888
Austria	75	55
France	113	144
Germany	1,497	985
Netherlands	689	444
Hungary	59	76
Italy	97	236
U.S.A.	3,192	1,986
Other countries	36	30
Total	7,198	5,844
Lamps, electric, common—		
United Kingdom	4,300	4,058
Austria	53	273
France	276	700
Germany	4,732	5,452
Netherlands	18,411	18,756
Hungary	5,144	9,282
Japan	2,519	4,624
Other countries	5,837	4,135
Total	41,272	47,280
Cable, electric, insulated, submarine and subterranean—		
United Kingdom	3,790	6,473
Belgium	12,849	16,420
France	7,547	4,929
Germany	26,313	22,716
Netherlands	1,811	3,926
Italy	—	4,029
Other countries	939	3,569
Total	53,249	62,062
Wire and cable, electric, insulated, not specified—		
United Kingdom	5,515	10,721
Belgium	10,844	7,564
Germany	13,719	12,646
Other countries	6,843	7,606
Total	36,921	38,537
Apparatus, electric, not specified, and parts—		
United Kingdom	53,598	51,977
Belgium	7,694	14,201
France	22,142	33,269
Germany	65,884	54,593
Italy	1,702	4,256
Switzerland	6,253	4,953
U.S.A.	14,994	10,419
Other countries	20,404	15,237
Total	192,671	188,905

APPENDIX XVI.
VALUE OF IMPORTS OF CERTAIN IRON AND STEEL GOODS.

Country.	Col. 1.	Col. 2.	Col. 3.	Col. 4.	Col. 5.	Col. 6.	Col. 7.	Col. 8.	Col. 9.	Col. 10.	Col. 11.	Col. 12.	Col. 13.
Bars, Iron or Steel. (Also ITU profiles).	Iron rails, fish-plates, and railway sleepers.	Sheets, Iron or Steel, timed or coated with a common metal.	Sheets, Iron or Steel, timed or coated with a common metal.	Hoops, Iron or Steel.	Pipes, non-malleable cast-iron, up to 6 ins. up to 22 kilo-grammes per metre.	Pipes, non-malleable cast-iron, up to 6 ins. up to 22 kilo-grammes per metre.	Pipes, non-malleable cast-iron, up to 6 ins. over 22 kilo-grammes per metre.	Tubes and Pipes, Iron, Steel, or malleable cast-iron, plain, over 6 ins.	Tubes, Pipes, and Joints, Iron, Steel, or malleable cast-iron, plain, not perforated, common.	Structures, Iron or Steel.	Sheets, Iron or Steel, Galvanised.	TOTALS.	
United Kingdom.	£E.	£E.	£E.	£E.	£E.	£E.	£E.	£E.	£E.	£E.	£E.	£E.	£E.
1936 ..	15,781	30,763	90,632	88,585	19,653	7,083	1,032	16,878	17,272	60,319	685	370,856	
1935 ..	19,352	36,857	98,254	84,029	33,619	8,180	5,878	25,484	22,734	76,345	985	423,008	
Belgium and Luxembourg.	£E.	£E.	£E.	£E.	£E.	£E.	£E.	£E.	£E.	£E.	£E.	£E.	£E.
1936 ..	338,420	91,085	51,620	—	13,757	—	1,531	3,721	—	20,307	38,303	558,744	
1935 ..	394,616	28,802	61,430	—	14,774	—	1,153	2,294	—	20,745	38,128	561,942	
France.	£E.	£E.	£E.	£E.	£E.	£E.	£E.	£E.	£E.	£E.	£E.	£E.	£E.
1936 ..	36,280	7,442	13,139	—	6,161	4,889	1,556	9,216	6,607	1,111	714	87,115	
1935 ..	54,699	8,744	8,657	—	11,726	1,649	8,880	12,948	6,032	3,157	1,999	118,491	
Germany.	£E.	£E.	£E.	£E.	£E.	£E.	£E.	£E.	£E.	£E.	£E.	£E.	£E.
1936 ..	37,853	29,043	39,196	—	35,047	15,694	—	16,662	21,894	10,448	27,709	233,546	
1935 ..	43,677	12,677	42,007	—	53,117	5,894	—	18,504	14,786	13,865	14,220	218,747	
Italy.	£E.	£E.	£E.	£E.	£E.	£E.	£E.	£E.	£E.	£E.	£E.	£E.	£E.
1936 ..	—	—	—	—	—	—	—	—	—	—	—	—	20,064
1935 ..	—	—	—	—	—	—	—	—	—	—	—	—	29,399
Czechoslovakia.	£E.	£E.	£E.	£E.	£E.	£E.	£E.	£E.	£E.	£E.	£E.	£E.	£E.
1936 ..	—	—	—	—	—	—	—	—	—	—	—	—	176
1935 ..	—	—	—	—	—	—	—	—	—	—	—	—	2,247

Netherlands.									
1936	...								
1935	...								
U.S.A.									
1936	...								
1935	...								
Japan.									
1936	...								
1935	...								
Other Countries.									
1936	...	59,768	22,699	17,324	2,793	1,097	7,304	19	17,186
1935	...	46,481	14,363	8,753	11,695	8,924	3,804	—	16,436
TOTALS.									
1936	...	488,102	181,932	211,911	157,873	69,554	36,242	7,452	27,469
1935	...	558,825	101,443	219,101	148,114	110,434	29,604	9,554	22,465

APPENDIX XVII.

TABLE OF PERCENTAGES OF TEA IMPORTS FOR THE YEARS 1924 TO 1936 FROM THE PRINCIPAL PRODUCING COUNTRIES, SHOWING THE AVERAGE COST PER POUND C.I.F. EGYPTIAN PORTS.

Year.	India.		Ceylon.		Java.		Japan.	
	Per cent.	Average cost per lb.						
1924	21.3	s. d.	50.9	s. d.	.3	s. d.	—	s. d.
1925	22.9	1 0 $\frac{1}{4}$	51.0	1 1 $\frac{1}{4}$	2.7	0 11	—	—
1926	23.8	1 2	55.8	1 2 $\frac{1}{4}$	1.6	1 1 $\frac{1}{4}$	—	—
1927	28.6	1 1	56.4	1 1 $\frac{1}{4}$	1.2	1 0	—	—
1928	27.3	1 0 $\frac{1}{4}$	57.0	1 1 $\frac{1}{4}$	7.4	0 11 $\frac{1}{4}$	—	—
1929	28.2	1 0	55.4	1 0 $\frac{1}{4}$	7.5	0 11 $\frac{1}{4}$	—	—
1930	32.3	0 11 $\frac{1}{4}$	56.6	0 11	4.6	0 10 $\frac{1}{4}$	—	—
1931	34.0	0 11 $\frac{1}{4}$	49.2	0 10	13.9	0 10	—	—
1932	26.3	0 9	40.4	0 7 $\frac{1}{4}$	31.2	0 5 $\frac{1}{4}$	—	—
1933	14.1	0 8 $\frac{1}{4}$	31.8	0 9	47.8	0 7 $\frac{1}{4}$	—	—
1934	8.7	1 0 $\frac{1}{4}$	21.9	1 1 $\frac{1}{4}$	57.3	0 11 $\frac{1}{4}$	3.6	0 8 $\frac{1}{4}$
1935	5.8	0 11 $\frac{1}{4}$	16.8	1 0	68.0	0 9	3.5	0 7
1936	2.0	1 0 $\frac{1}{4}$	14.6	1 1 $\frac{1}{4}$	72.0	0 10 $\frac{1}{4}$	5.8	0 6 $\frac{1}{4}$

APPENDIX XVIII.

SUMMARY OF VALUE OF EXPORTS FROM EGYPT—
PRODUCE AND MANUFACTURES OF EGYPT—BY CATEGORIES.

Categories.	1936.	1935.	Increase (+) or Decrease (-) in 1936.
1. Living animals and products of the animal kingdom ...	£E. 307,059	£E. 307,740	— 681
2. Products of the vegetable kingdom	4,207,402	3,794,360	+ 413,042
3. Animal and vegetable fatty substances, greases, oils and waxes and alimentary fats...	342,960	388,987	— 46,027
4. Products of the food preparing industries, beverages, alcoholic liquids, vinegar and tobacco	1,222,070	1,398,935	— 176,865
5. Mineral products	469,037	523,436	— 54,399
6. Chemical and pharmaceutical products, colours, varnishes, perfumery, soap, candles, glue, gelatine, explosives, and fertilisers	562,474	517,849	+ 44,625

Categories.	1936.	1935.	Increase (+) or Decrease (-) in 1936.
7. Skins, hides, leather, furs and articles thereof	£E. 294,450	£E. 258,141	+ 36,309
8. Rubber and manufactures thereof	270	611	- 341
9. Wood, cork, articles thereof and articles made of plaiting materials	11,002	14,144	- 3,142
10. Paper and its applications ...	90,254	113,842	- 23,588
11. Textile materials and textiles	25,366,556	26,836,358	- 1,469,802
12. Footwear, hats, tarbooshes, umbrellas, parasols, and sticks ; articles of fashion ...	5,300	8,555	- 3,255
13. Wares of stone and other mineral materials, pottery, glass, and glassware ...	4,121	5,269	- 1,148
14. Precious metals, pearls, precious stones, and coins ...	41,557	1,376,152	- 1,334,595
15. Common metals and manufactures thereof ...	18,454	52,529	- 34,075
16. Machinery and apparatus and electric material ...	2,358	5,417	- 3,059
17. Means of transport ...	7,334	32,103	- 24,769
18. Scientific and precision instruments and apparatus, horological wares and musical instruments ...	494	755	- 261
19. Arms and ammunition ...	—	2	- 2
20. Miscellaneous goods and products, not elsewhere included	17,401	22,915	- 5,514
21. Works of art and articles for collections ...	8,651	35,062	- 26,411
TOTAL OF EXPORTS ...	32,979,204	35,693,162	- 2,713,958

APPENDIX XIX.

VALUE OF EXPORTS—PRODUCE AND MANUFACTURES OF EGYPT—BY COUNTRIES.
(*Excluding Bullion and Specie.*)

Order	Country.	1936.			1935.			1934.										
		Value. £E.	Inc. (+) or Dec. (-)	Per cent.	Order	Country.	Value. £E.	Inc. (+) or Dec. (-)	Per cent.	Order	Country.	Value. £E.	Inc. (+) or Dec. (-)	Per cent.				
1.	United Kingdom	(000's omitted.)	12,491	+ 1,122	37.9	1.	United Kingdom	(000's omitted.)	11,369	+ 1,437	33.0	1.	United Kingdom	(000's omitted.)	9,932	- 1,328		
2.	France	...	3,298	-	479	10.0	2.	France	...	3,777	+ 770	11.0	2.	France	...	3,007	- 505	
3.	Japan	...	2,541	+	703	7.7	5.	Japan	...	1,838	-	914	5.4	4.	Japan	...	2,752	+ 1,342
4.	Germany	...	2,291	-	507	6.9	3.	Germany	...	2,796	-	34	8.1	3.	Germany	...	2,830	+ 540
5.	U.S.A.	...	1,478	+	115	4.5	8.	U.S.A.	...	1,363	+	161	4.0	7.	U.S.A.	...	1,202	- 56
6.	British India	...	1,262	-	579	3.8	6.	British India	...	1,841	+	675	5.4	8.	British India	...	1,166	+ 721
7.	Czechoslovakia	...	1,101	+	103	3.3	10.	Czechoslovakia	...	998	+	269	2.9	10.	Czechoslovakia	...	729	+ 240
8.	Switzerland	...	982	-	25	3.0	9.	Switzerland	...	1,007	-	38	2.9	9.	Switzerland	...	1,045	+ 386
9.	Italy	...	943	-	1,315	2.8	4.	Italy	...	2,258	-	270	6.6	5.	Italy	...	2,529	+ 403
10.	Rumania	...	702	+	248	2.1	13.	Rumania	...	454	+	311	1.3	22.	Rumania	...	143	- 50
11.	Spain	...	673	-	886	2.0	7.	Spain	...	1,559	+	280	4.5	6.	Spain	...	1,279	+ 258
12.	Poland	...	532	-	40	1.6	11.	Poland	...	572	-	1	1.7	11.	Poland	...	573	+ 188
13.	Belgium	...	481	+	67	1.4	14.	Belgium	...	414	+	99	1.3	14.	Belgium	...	315	+ 86
14.	Palestine	...	470	-	28	1.4	12.	Palestine	...	498	+	78	1.5	12.	Palestine	...	420	- 24
15.	Netherlands	...	431	+	134	1.3	17.	Netherlands	...	297	+	5	0.9	15.	Netherlands	...	292	- 10
16.	Austria	...	381	+	90	1.1	18.	Austria	...	291	+	68	0.8	17.	Austria	...	223	+ 77
17.	China	...	378	+	96	1.1	20.	China	...	282	-	123	0.8	13.	China	...	405	+ 252
18.	Greece	...	376	+	15	1.1	15.	Greece	...	361	+	116	1.1	16.	Greece	...	245	- 22
19.	Syria	...	239	-	51	0.7	19.	Syria	...	290	+	86	0.8	18.	Syria	...	204	- 105
20.	Hungary	...	223	-	81	0.7	16.	Hungary	...	304	+	126	0.9	21.	Hungary	...	168	+ 100
21.	Sweden	...	209	-	27	0.6	21.	Sweden	...	236	+	65	0.7	20.	Sweden	...	171	+ 72
22.	Malta and Gibraltar	...	126	+	65	0.4	24.	Malta and Gibraltar	...	61	-	52	0.2	24.	Gibraltar	...	113	+ 1
23.	Iraq	...	93	-	58	0.3	22.	Iraq	...	151	+	20	0.4	23.	Iraq	...	131	+ 13
24.	Canada	...	86	-	50	0.3	23.	Canada	...	136	-	39	0.4	19.	Canada	...	175	+ 77
Total (including other countries)		32,972	-	1,452			Total (including other countries)			3,376			Total (including other countries)			31,048	+ 2,944	

APPENDIX XX.
DOMESTIC EXPORTS TO THE BRITISH EMPIRE (INCLUDING MANDATED TERRITORIES).
(Excluding Bullion and Specie.)

1936.				1935.				1934.						
Order.	Country.	Value. £E.	Inc. (+) or Dec. (-).	Order.	Country.	Value. £E.	Inc. (+) or Dec. (-).	Order.	Country.	Value. £E.	Inc. (+) or Dec. (-).			
A 1.	United Kingdom	12,491	+ 1,122	37·9	1.	United Kingdom	(000's omitted.) 11,369	+ 1,437	33·0	1.	United Kingdom	(000's omitted.) 9,932	+ 1,328	
22.	Malta and Gibraltar	126	+ 65	·4	24.	Malta and Gibraltar	61	—	52	24.	Malta and Gibraltar	113	+ 1	·4
6.	Cyprus	46	— 15	·1	6.	Cyprus	61	—	29	·2	Cyprus	90	+ 26	·3
	British India	1,262	— 579	3·8		British India	1,841	+ 675	5·4	8.	British India	1,166	+ 721	3·8
	Ceylon	52	+ 4	·2		Ceylon	48	+ 11	·1		Ceylon	37	+ 22	·1
	Australia and New Zealand	7	—			Australia and New Zealand	7	—	10		Australia and New Zealand	17	+ 8	·6
	Canada	86	— 50	·3	23.	Canada	136	—	39	·4	Canada	175	+ 77	·6
B	British Possessions in Far East ...	62	+ 9	·2		British Possessions in Far East ...	53	—	17	·2	British Possessions in Far East ...	70	+ 7	·2
	South Africa	5	+ 3	—		South Africa	2	—	3	—	South Africa	5	—	—
	British East and West Equatorial Africa ...	16	+ 7	—		British East and West Equatorial Africa ...	9	—	2	—	British East and West Equatorial Africa ...	11	— 2	—
	Irish Free State	4	— 8	—	12.	Irish Free State	12	+ 2	—		Irish Free State	10	+ 6	—
14.	Palestine ...	470	— 28	1·4		Palestine ...	498	+ 78	1·5	12.	Palestine ...	420	— 24	1·3
C	Overseas Empire	2,136	— 592	6·4		Overseas Empire	2,728	+ 614	8·0		Overseas Empire	2,114	+ 842	6·8
D (A+C)	Total ...	14,627	+ 530	44·3		Total ...	14,097	+ 2,051	41·0		Total ...	12,046	— 486	38·8

APPENDIX XXI.

EXPORTS OF RAW COTTON BY COUNTRIES.

In Thousands of Cantars.

(One Egyptian Cantar=45 Kilograms=100 lbs.)

Country.	1933.	1934.	1935.	1936.
United Kingdom ...	3,278	2,506	2,611	2,814
France ...	1,057	951	1,147	992
Japan ...	455	896	513	734
Germany ...	759	937	823	623
India ...	145	386	555	348
Czechoslovakia ...	171	237	300	316
Switzerland ...	229	338	315	292
U.S.A. ...	374	358	271	261
Italy ...	616	749	626	252
Spain ...	323	422	526	221
Rumania* ...	—*	—*	103	201
Poland ...	137	191	175	156
China ...	66	146	90	127
Austria ...	51	75	93	98
Hungary ...	24	63	99	73
Belgium ...	31	69	84	73
Sweden ...	26	39	46	48
Yugoslavia* ...	—*	—*	26	42
Canada ...	31	63	44	26
Greece ...	13	18	20	23
Portugal ...	21	22	39	20
Netherlands ...	26	31	18	17
Esthonia ...	10	33	33	15
Bulgaria* ...	—*	—*	12	8
Other countries ...	11	32	6	18
TOTAL ...	7,854	8,564	8,577	7,798

* These countries were included in "Other countries" in 1933 and 1934.

APPENDIX XXII.
 EXPORTS OF RAW COTTON BY COUNTRIES.
 By Value (£E.)
 (£E. 1 = £Stg. 1 : os. : 6d.)

Country.	1933.	1934.	1935.	1936.
	£E.	£E.	£E.	£E.
United Kingdom ...	8,767,280	7,211,936	7,862,860	8,969,516
France ...	3,074,859	2,827,204	3,604,228	3,141,647
Japan ...	1,168,528	2,508,136	1,567,963	2,238,668
Germany ...	2,031,669	2,653,403	2,568,228	2,045,973
India ...	415,813	1,131,600	1,806,862	1,230,647
Czechoslovakia ...	489,055	728,732	996,921	1,083,841
Switzerland ...	647,163	1,036,078	992,841	962,467
U.S.A. ...	1,077,452	1,086,771	911,266	971,361
Italy ...	1,664,718	2,191,600	1,940,766	796,715
Spain ...	858,644	1,196,905	1,558,447	673,257
Rumania* ...	—*	—*	293,538	586,326
Poland ...	385,249	572,958	565,443	526,299
China ...	150,731	396,237	276,520	375,532
Austria ...	138,897	214,374	282,310	311,311
Hungary ...	63,345	175,547	300,607	218,770
Belgium ...	81,777	189,481	242,120	214,787
Sweden ...	61,121	101,340	125,122	135,337
Yugoslavia* ...	—*	—*	75,356	123,398
Canada ...	80,602	174,216	134,753	83,927
Greece ...	35,823	49,894	58,354	72,346
Portugal ...	62,726	70,928	131,603	75,141
Netherlands ...	70,411	88,603	56,926	54,116
Estonia ...	26,632	89,868	95,195	45,116
Bulgaria* ...	—*	—*	35,025	24,271
Other countries ...	27,151	92,090	18,811	58,792
TOTAL ...	21,379,646	24,787,901	26,502,065	25,019,561

* These countries were included in "Other countries" in 1933 and 1934.

APPENDIX XXIII.
EXPORTS OF RAW COTTON BY VARIETIES.
Quantity in Cantars.
(One Egyptian Cantar = 45 Kilograms=100 lbs.)

Destination.	Year.	Sakellarides.	Ashmouni.	Zagora.	Maarat.	Giza 7.	Totals (including other varieties).
United Kingdom	...	1936	308,705	1,168,928	46,389	562,636	2,813,520
	...	1935	402,801	1,283,599	22,805	337,665	2,611,431
India	...	1936	5,767	59,649	19,809	233,680	348,070
	...	1935	42,979	147,088	31,069	286,584	555,150
Canada	...	1936	—	16,175	—	4,036	25,936
	...	1935	—	31,760	—	4,812	43,906
Austria	...	1936	2,447	12,408	68,271	—	10,854
	...	1935	4,223	47,658	36,269	—	3,336
Belgium and Luxembourg	...	1936	—	29,003	29,087	—	9,425
	...	1935	2,188	52,906	12,489	—	7,562
China	...	1936	1,110	93,068	9,684	1,119	126,600
	...	1935	9,805	58,702	743	734	89,751
Czechoslovakia	...	1936	51,247	66,427	103,492	37,961	315,649
	...	1935	69,192	129,015	32,500	37,299	299,854
France	...	1936	83,349	462,460	251,222	26,165	127,933
	...	1935	155,770	698,136	108,505	37,241	1,147,211
Germany	...	1936	34,438	177,077	188,160	6,538	622,502
	...	1935	96,659	421,172	111,613	14,813	823,256
Greece	...	1936	226	17,971	4,479	—	72
Netherlands	...	1936	68	16,574	1,772	—	770
	...	1935	—	3,290	8,435	376	5,354
	...	1935	2,080	9,494	1,375	630	3,385

Hungary	...	...	...	...	1936	17,838	51,638	—	2,765	73,420
				...	1935	2,894	74,696	17,347	—	856
				...	1935	36,648	155,099	34,367	1,971	99,186
				...	1935	120,114	394,851	70,746	4,336	251,719
				...	1936	80,256	264,607	214,651	86,885	625,581
				...	1935	116,336	225,370	65,416	36,784	734,176
				...	1936	227	21,803	86,667	19,610	512,527
				...	1935	7,256	68,257	37,434	9,752	156,286
				...	1936	7,870	2,051	5,275	2,463	175,473
				...	1935	11,643	13,173	3,913	7,828	19,708
				...	1936	22,745	113,909	62,247	671	1,901
				...	1935	52,661	397,735	42,919	1,190	39,356
				...	1936	75	9,220	35,795	—	221,244
				...	1935	—	29,126	15,751	—	525,987
				...	1936	25,521	90,330	76,641	45,868	47,600
				...	1935	30,841	157,063	28,378	50,506	46,124
				...	1936	25,244	37,380	1,915	24,097	292,295
				...	1935	63,490	69,737	2	563	314,840
				...	1936	456	10,780	3,254	—	261,115
				...	1935	38	31,644	366	—	270,858
				...	1936	690,263	2,870,641	2,016,766	327,062	14,713
				...	1935	1,191,058	4,448,523	1,007,968	263,287	33,428
										7,797,702
										8,576,688
										1,527,352
										1,183,519

APPENDIX XXIV.
TABLE SHOWING AVERAGE MONTHLY PRICES OF SAKELLARIDES AND ASHMOUNI COTTON AND AVERAGE
MONTHLY PERCENTAGE PREMIUM OVER AMERICAN COTTON DURING 1935 AND 1936.

Month.	Sakellarides.		Ashmouni.		Premium of Egyptian Cotton over American.			
	Average price in 1935.	Average price in 1936.	Average price in 1935.	Average price in 1936.	Sakel. Per cent.	Ashmouni. Per cent.	Sakel. Per cent.	Ashmouni. Per cent.
January ...	16.21	16.50	13.94	14.05	29	11	41	20
February ...	15.80	15.83	13.47	13.97	26	7	41	24
March ...	15.02	15.82	13.14	13.82	27	11	41	24
April ...	14.82	15.57	13.28	13.47	26	13	35	17
May ...	15.00	15.29	13.52	13.04	23	11	34	14
June ...	14.65	16.93	13.23	13.80	25	13	45	18
July ...	14.71	17.99	13.69	14.77	22	14	42	16
August ...	14.71	17.20	13.46	13.78	31	20	45	16
September ...	14.27	17.19	11.99	12.80	34	13	45	8
October ...	15.74	19.18	12.26	13.28	41	10	57	9
November ...	17.41	19.28	13.72	13.06	47	16	58	7
December ...	17.42	18.84	14.75	13.50	47	25	48	6
Average for the year...	15.48	17.14	13.37	13.61	32	14	44	15

Note.—The premium has been calculated after taking into account the fluctuations of sterling (and consequently of the Egyptian Pound) in terms of the U.S.A. Dollar.

APPENDIX XXV.

STATEMENT OF VALUE OF RE-EXPORTS.*

—	1936.	1935.	1934.
Total value of re-exports... ...	£E. 924,346	£E. 991,971	£E. 567,807
Shares of the principal countries:—			
United Kingdom	49,877	58,794	64,285
Belgium and Luxemburg ...	20,989	7,570	17,571
France	25,241	20,628	24,123
Germany	29,778	16,159	28,882
Italy	9,503	59,101	36,481
Rumania	43,597	19,702	19,405
Eritrea	228,928	378,282	855
Palestine	188,214	134,272	136,095
Syria	35,410	49,639	39,085

* N.B.—These figures exclude bullion and specie.

APPENDIX XXVI.

PRODUCTION OF MINERALS, ETC., IN EGYPT.

Mineral or Metal.	Unit.	1935.	1936.
Petroleum*	Metric Tons.	182,003	182,521
Phosphate Rock	"	473,896	531,031
Carbonate and Sulphate of Soda...	"	1,020	3,300
Ochres and Oxides of Iron ...	"	769	763
Nitrate bearing Shale	"	15,977	14,234
Clay	"	2,955	2,759
Talc	"	366	351
Felspar	"	72	45
Pumice Stone	"	2,045	2,094
Sulphate of Barium	"	85	30
Bituminous Rock...	"	170	—
Manganese Iron Ore	"	87,303	134,972
Gold, Fine	Ounces	58	278
Ilmenite	Metric Tons	183	24
Magnetite	"	15	—
Garnet	"	51	—
Monazite	"	11	1
Zircon	"	40	2

* Petroleum : Average specific gravity at 62 Ft.

Hurghada Crude 0.900

Abu Durba Crude 0.975

APPENDIX XXVII (a).

ARRIVALS OF SHIPPING BY NATIONALITIES AT THE PRINCIPAL EGYPTIAN PORTS, AND CARGO AND PASSENGERS LANDED (YEAR 1935).

Port.	No. of Vessels.	Net regd. Tonnage.	Tons of cargo landed.		Passengers disembarked.	
			For Egypt.	Transits.	For Egypt.	Transits.
ALEXANDRIA :—						
British...	644	1,461,838	1,613,606	21,417	6,854	486
Egyptian	166	236,437	214,070	73	1,656	58
American	97	533,986	63,636	2,183	1,236	158
Dutch	43	76,072	67,577	733	25	—
French	122	739,178	34,938	109	7,006	208
German	140	241,949	201,080	1,103	135	18
Greek	371	499,100	603,696	4,712	6,364	706
Italian	390	1,123,390	185,931	882	13,175	1,809
TOTAL (including other nationalities)	2,527	6,045,898	3,734,966	37,293	43,398	3,771
PORT SAID :—						
Suez Canal Non-Transits						
British...	293	598,992	12,253	346,488	2,730	373
Egyptian	60	56,345	3,881	26,876	10	—
Dutch	25	77,380	—	110,181	14	—
French	35	104,409	2,035	4,561	62	88
German	43	77,487	61	3,292	25	—
Greek	132	154,827	8,388	120,106	1,623	113
Italian	133	415,497	5,077	69,347	938	72
TOTAL (including other nationalities)	868	1,735,825	34,891	809,544	5,441	648
PORT SAID :—						
Suez Canal Transits						
British...	1,546	7,971,374	59,865	624,135	10,127	2,565
Egyptian	3	3,576	—	—	—	—
American	69	328,525	1,570	5,719	124	42
Danish	65	283,815	2,640	17,202	24	15
Dutch	258	1,472,669	4,327	14,175	900	183
French	216	1,245,203	3,153	17,017	1,701	476
German	390	1,809,363	12,483	90,701	372	171
Italian	283	1,269,197	2,388	28,605	1,398	345
Japanese	106	572,694	2,299	33,723	451	177
Norwegian	83	301,918	3,604	23,601	39	12
Swedish	52	221,164	3,008	5,826	8	11
TOTAL (including other nationalities)	3,085	15,506,366	95,337	870,659	15,152	3,997

APPENDIX XXVII (a)—*contd.*

Port.	No. of Vessels.	Net regd. Tonnage.	Tons of cargo landed.		Passengers disembarked.	
			For Egypt.	Transits.	For Egypt.	Transits.
SUEZ :—						
Suez Canal Non-Transits						
British... ...	219	261,976	421,717	1,544	1,385	1,462
Egyptian ...	145	59,583	26,197	5	5,782	102
Italian ...	106	85,084	16,326	3,761	890	256
TOTAL (including other nationalities)	500	481,809	595,290	5,587	8,064	1,833
SUEZ :—						
Suez Canal Transits						
British... ...	930	4,622,476	93,956	2,703	423	42
American ...	49	255,935	6,872	66	242	—
Dutch	197	1,039,992	27,186	1,407	55	5
French ...	152	883,644	7,659	84	130	26
German ...	219	991,037	14,270	128	83	2
Italian ...	274	1,248,058	2,375	863	360	75
Japanese ...	58	320,387	9,328	—	48	2
Norwegian ...	78	292,114	49,684	29	6	4
TOTAL (including other nationalities)	2,009	9,853,012	220,909	5,280	2,263	156
GRAND TOTAL (in- cluding other nationalities and smaller ports) ...	9,826	34,322,719	4,705,000	1,728,363	77,884	10,405
Of which—						
British... ...	3,632	14,916,656	2,201,397	996,287	21,519	4,928

APPENDIX XXVII (b).

ARRIVALS OF SHIPPING BY NATIONALITIES AT THE PRINCIPAL EGYPTIAN PORTS, AND CARGO AND PASSENGERS LANDED (YEAR 1936).

Port.	No. of Vessels.	Net Rgd. Tonnage.	Tons of cargo landed.		Passengers disembarked	
			For Egypt.	Transits.	For Egypt.	Transits
ALEXANDRIA :—						
British...	635	1,325,815	1,221,786	17,061	7,864	130
Egyptian ...	229	309,723	172,593	947	2,344	26
American ...	103	545,669	59,967	3,053	1,120	28
Dutch ...	50	92,326	95,976	521	16	2
French ...	116	695,389	24,036	181	7,166	214
German ...	120	234,812	208,621	373	318	2
Greek ...	331	396,254	413,218	1,886	8,498	1,065
Italian ...	338	998,352	114,862	717	15,856	791
TOTAL (including other nationalities)	2,499	5,615,415	3,063,088	27,902	48,746	2,535
PORT SAID :—						
Suez Canal Non-Transits						
British...	279	424,859	2,649	334,488	2,931	375
Egyptian ...	75	60,174	1,745	13,059	5	—
Dutch ...	26	65,579	—	122,916	—	—
French ...	21	63,910	1,740	4,720	241	26
German ...	25	74,221	16	7,282	6	—
Greek ...	164	194,869	5,567	119,593	2,669	364
Italian ...	94	231,058	2,458	32,071	381	20
TOTAL (including other nationalities)	865	1,423,058	21,984	841,337	6,324	788
PORT SAID :—						
Suez Canal Transits						
British...	1,456	7,540,692	68,395	695,440	8,870	2,321
Egyptian ...	—	—	—	—	—	—
American ...	45	233,307	809	3,619	88	44
Danish ...	60	261,841	1,612	4,328	24	14
Dutch ...	238	1,382,796	5,395	41,521	690	171
French ...	191	1,090,550	3,336	14,940	1,773	524
German ...	400	1,917,768	9,388	80,675	328	101
Italian ...	289	1,231,970	3,341	32,900	882	205
Japanese ...	112	593,858	2,059	8,154	320	48
Norwegian ...	61	203,900	815	9,733	29	19
Swedish ...	46	195,418	1,206	4,025	20	9
TOTAL (including other nationalities)	2,914	14,686,980	96,365	907,753	13,048	3,457

APPENDIX XXVII (b)—*contd.*

Port.	No. of Vessels.	Net regd. Tonnage.	Tons of cargo landed.		Passengers disembarked.	
			For Egypt.	Transits.	For Egypt.	Transits.
SUEZ :—						
Suez Canal						
Non-Transits						
British... ...	210	270,563	476,155	1,258	2,154	402
Egyptian ...	117	60,739	23,893	—	6,077	486
Italian ...	99	88,756	14,345	256	592	126
TOTAL (including other nationalities)	461	496,035	624,084	1,514	8,829	1,023
SUEZ :—						
Suez Canal						
Transits						
British... ...	922	4,603,854	72,717	1,174	500	58
American ...	39	211,125	4,971	222	142	—
Dutch	208	1,096,470	25,466	69	72	6
French ...	136	779,223	4,568	38	179	5
German ...	256	1,205,737	12,214	879	72	151
Italian ...	203	936,091	554	400	443	36
Japanese ...	64	342,194	7,714	42	30	3
Norwegian ...	49	186,642	29,979	36	7	2
TOTAL (including other nationalities)	1,946	9,622,816	160,369	2,863	1,467	261
GRAND TOTAL (including other nationalities and smaller ports) ...						
Of which—						
British... ...	9,583	32,632,060	3,994,047	1,781,369	82,646	8,064
	3,502	14,165,783	1,841,702	1,049,421	22,319	3,292

APPENDIX XXVIII.

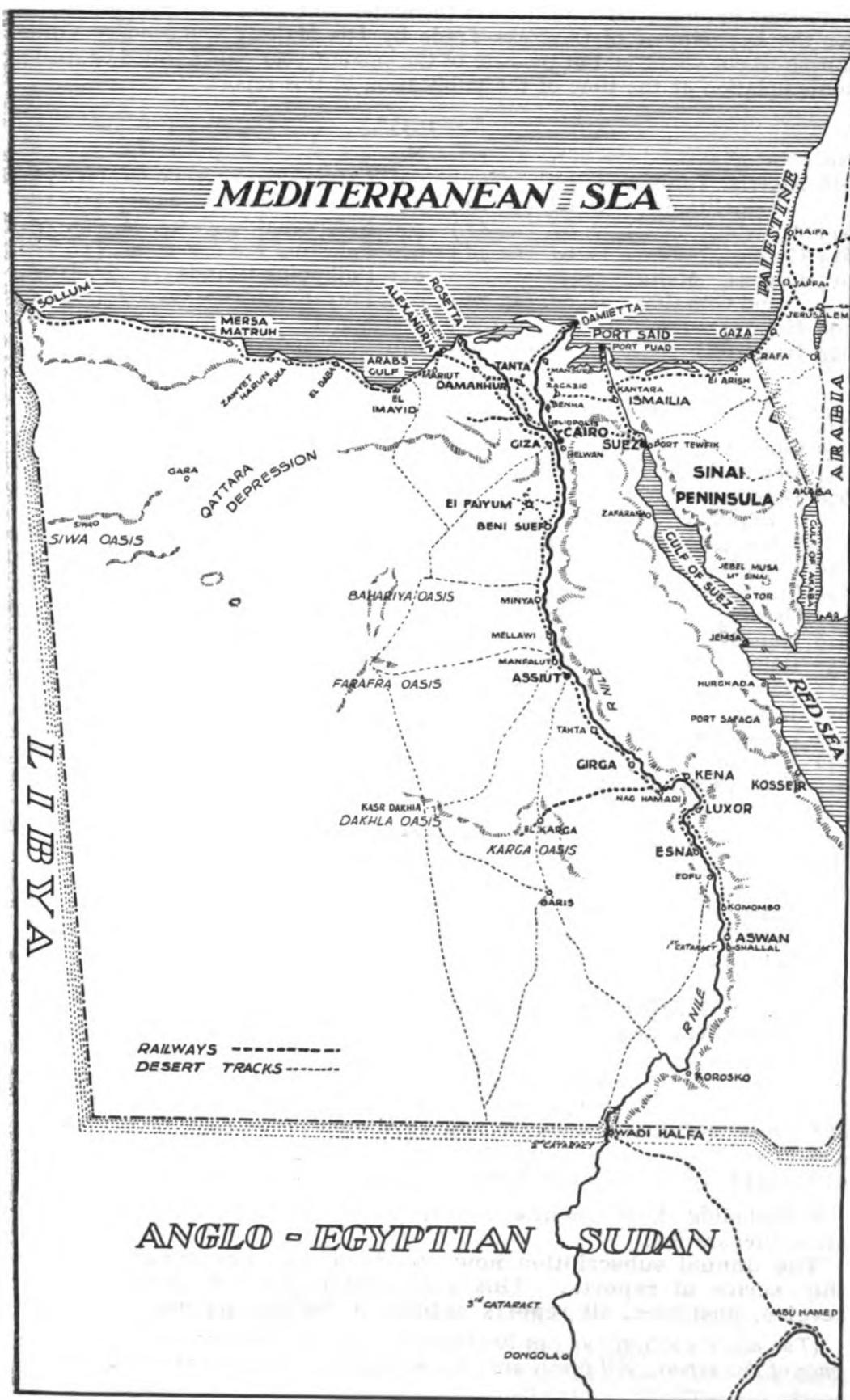
TRADE MOVEMENT BETWEEN EGYPT AND THE SUDAN.

		1936. Value £E.	1935. Value £E.
IMPORTS INTO EGYPT FROM THE SUDAN :—			
Living animals and animal products	...	100,547	86,556
Vegetable products	...	381,692	384,992
Chemical and pharmaceutical products	...	58,893	47,260
Skins, hides, leather, etc.	...	41,396	20,957
Textile materials	...	2,720	3,653
Means of transport	...	22,254	1,301
Scientific and precision instruments, etc.	...	8,397	5,984
TOTAL (including other articles not shown above)	£E.661,576	£E.595,192	
EXPORTS FROM EGYPT TO THE SUDAN :—			
Living animals and animal products	...	3,861	3,054
Vegetable products	...	20,910	22,833
Animal and vegetable fatty substances, etc.	...	3,023	2,418
Food products, wines and spirits, tobacco, etc.	...	299,429	332,913
Mineral products	...	70,478	79,965
Chemical and pharmaceutical products	...	98,051	89,113
Skins, hides, leather, etc.	...	17,616	14,635
Articles of wood, cork, etc.	...	5,029	4,529
Paper and booksellers' wares	...	16,389	15,125
Textile materials	...	181,672	224,685
Footwear, hats, etc.	...	9,594	7,573
Common metals and manufactures thereof	...	13,688	15,856
Machinery and apparatus and electrical material...	...	10,047	7,956
Means of transport	...	32,986	18,394
Scientific and precision instruments, etc.	...	9,577	7,335
TOTAL (including other articles not shown above)	£E.893,171	£E.968,161	

SUMMARY OF TRADE MOVEMENT BETWEEN EGYPT AND THE SUDAN 1930-1936.

		£E.
IMPORTS INTO EGYPT FROM THE SUDAN :—		
1930	...	552,000
1931	...	392,000
1932	...	334,000
1933	...	353,000
1934	...	873,000
1935	...	595,000
1936	...	662,000
EXPORTS FROM EGYPT TO THE SUDAN :—		
1930	...	1,117,000
1931	...	634,000
1932	...	565,000
1933	...	683,000
1934	...	862,000
1935	...	968,000
1936	...	893,000

EGYPT



The following is a list of the reports by H.M. Trade Commissioners, Commercial Diplomatic Officers and Consular Officers on the commercial, industrial and financial conditions in the undermentioned countries, published for the Department of Overseas Trade by His Majesty's Stationery Office during recent years, and in the case of the current year either issued or under contemplation at the time of the publication of this report.

A.—1935*

No.	No.
616 Algeria, Tunisia, Tripolitania	3s. od. (3s. 2d.)
625 Austria...	2s. 6d. (2s. 8d.)
614 Cuba ...	1s. 6d. (1s. 7d.)
615 Cyprus, Malta and Gibraltar	2s. 6d. (2s. 8d.)
598 Honduras	1s. 9d. (1s. 10d.)
622 Iran ...	2s. 3d. (2s. 4d.)
603 Latvia ...	1s. 6d. (1s. 7d.)
618 Newfoundland...	2s. od. (2s. 1d.)
596 Nicaragua	... 1s. od. (1s. 1d.)
620 Palestine	... 3s. od. (3s. 2d.)
611 Philippine Islands	9d. (10d.)
624 Port. E. Africa	2s. od. (2s. 1d.)
606 Spain ...	... 1s. 6d. (1s. 7d.)
610 Venezuela	... 1s. 6d. (1s. 7d.)

B.—1936*

No.	No.
655 Canada	... 3s. 6d. (3s. 9d.)
654 Denmark	... 1s. 6d. (1s. 8d.)
638 Dominican Republic and Hayti	... 1s. 3d. (1s. 4d.)
636 Estonia	... 9d. (10d.)
635 Finland	... 1s. 3d. (1s. 5d.)
641 Germany	... 5s. od. (5s. 5d.)
629 Hungary	... 1s. od. (1s. 1d.)
658 India ...	... 3s. 6d. (3s. 9d.)
627 Iraq ...	... 1s. od. (1s. 1d.)
653 Japan ...	... 2s. 6d. (2s. 8d.)
632 Lithuania	... 9d. (10d.)
642 Mexico	... 1s. od. (1s. 1d.)
647 Netherlands	... 1s. 3d. (1s. 5d.)
637 Neth. E. Indies	2s. od. (2s. 2d.)
651 New Zealand	... 2s. od. (2s. 2d.)
657 Norway	... 2s. od. (2s. 2d.)
645 Panama and Costa Rica	... 1s. od. (1s. 1d.)
652 Portugal	... 1s. 6d. (1s. 8d.)
631 Salvador	... 6d. (7d.)
633 South Africa	... 1s. 3d. (1s. 5d.)
634 S. and N. Rhodesia and Nyasaland	... 1s. 3d. (1s. 5d.)
640 Switzerland	... 1s. 3d. (1s. 5d.)
650 Syria ...	... 9d. (10d.)
628 Uruguay	... 9d. (10d.)
649 Yugoslavia	... 1s. od. (1s. 1d.)

C.—1937 (Partial list)

No.	No.
667 Angola	... 9d. (10d.)
— Argentine	... (<i>In preparation</i>)
659 Australia	... 3s. od. (3s. 3d.)
— Belgium	... (<i>In preparation</i>)
660 Brazil ...	... 3s. od. (3s. 3d.)
— British E. Africa	(<i>In preparation</i>)
— British W. Indies	(<i>In preparation</i>)
671 Bulgaria	... 1s. od. (1s. 1d.)
— Chile ...	... (<i>In preparation</i>)
— China ...	... (<i>In preparation</i>)
668 Czechoslovakia	1s. od. (1s. 1d.)
666 Ecuador	... 9d. (10d.)
676 Egypt ...	... (<i>see cover</i>)
664 French Africa	... 1s. 3d. (1s. 5d.)
675 Greece ...	... 1s. 6d. (1s. 8d.)
672 Malaya	... 1s. od. (1s. 1d.)
669 Morocco	... 1s. 6d. (1s. 8d.)
662 Paraguay	... 1s. od. (1s. 1d.)
665 Persian Gulf	... 4d. (5d.)
670 Poland	... 1s. od. (1s. 1d.)
— Roumania	... (<i>In preparation</i>)
673 Siam ...	... 1s. od. (1s. 1d.)
674 Sweden...	... 1s. 6d. (1s. 8d.)
661 Turkey	... 9d. (10d.)
663 U.S.A.	... 3s. od. (3s. 3d.)

* Excluding those countries where later reports have been issued or are in preparation.

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